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BC Housing

2003/04 Annual Report

Partnerships
that matter

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Accountability Statement

The 2003/04 British Columbia Housing Management Commission Annual Report was prepared under our direction in accordance with the *Budget Transparency and Accountability Act*. We are accountable for the contents of the report, including the report on performance. The report is consistent with government's strategic priorities and overall service plan. All significant financial and operational results, as of March 31, 2004, have been considered in preparing the report. We are accountable for ensuring the Commission achieves its goals and objectives and for measuring and reporting actual performance.

Shayne Ramsay
Chief Executive Officer

Lori Wanamaker
Interim Chair

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Letters of Presentation

June 30, 2004

Murray Coell
Minister of Community, Aboriginal and Women's Services
Province of British Columbia

Minister:

I have the honour to submit the Annual Report of the British Columbia Housing Management Commission for the year ending March 31, 2004. This annual report was prepared in accordance with the *Budget Transparency and Accountability Act* and demonstrates how BC Housing fulfills the government's strategic priorities for subsidized housing.

Sincerely,

Lori Wanamaker
Interim Chair, Board of Commissioners

June 30, 2004

The Honourable Iona Campagnolo
Lieutenant-Governor of the Province of British Columbia

May it please Your Honour:

I have the pleasure to present the Annual Report of the British Columbia Housing Management Commission for the year ending March 31, 2004.

Sincerely,

Murray Coell
Minister of Community, Aboriginal and Women's Services

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Message from the CEO

Shayne Ramsay, CEO

Partnerships are the key to increasing housing options for British Columbians in need.

BC Housing has made significant progress over the past year in meeting the goals outlined in our 2003/04-2005/06 Service Plan. This annual report is a companion document to the Service Plan and highlights our achievements in providing housing options for British Columbians most in need.

Most people buy or rent homes through the private market. However, vacancy rates are very low in many of our urban centres and housing costs are among the highest in the country. The result is that appropriate and affordable housing is unattainable for some British Columbians. BC Housing's programs contribute to the social and economic health of the province by assisting people with low incomes and/or special needs find and maintain safe, appropriate and affordable housing.

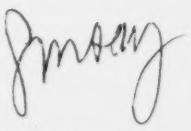
BC Housing made investments totaling $278.7 million in 2003/04, an increase of six per cent over the previous year, which includes the largest ever provincial contribution to social housing. Our programs helped more than 55,600 households continue to live independently and contribute to their communities. The number of households assisted will increase in each of the next three years as people are able to move into the new units created through the *Provincial Housing Program* and *Independent Living BC*. This year alone, 1,230 new housing units were created.

During the year, considerable effort and resources went into facilitating the placement of 1,039 new households with appropriate and stable homes through public housing. We distributed $179.8 million to community-based housing providers to assist approximately 33,400 households and we provided rent assistance to almost 14,400 households in the private rental market. This helps people most in need to overcome barriers and leads to self-sufficiency.

Our operating environment is affected by many of the same constraints as in the private sector, such as the rising costs of utilities, insurance and construction. This has required us to focus our priorities to appropriately address the housing needs of our province's most vulnerable citizens. Partnerships with the private sector, other levels of government and community groups have been essential in meeting these housing challenges.

In fact, partnerships are the foundation of all of our housing programs. Complementing the *Provincial Housing Program* and *Independent Living BC*, we have entered into a number of other innovative community partnership initiatives that offer a variety of responses to address the range of housing needs. Our partners have contributed expertise, vision and approximately $67.5 million in equity. By working in collaboration with the public and private sectors and engaging the community, BC Housing is building sustainable communities, and improving access for British Columbians.

There is a range and diversity of experience at BC Housing that has allowed us to move forward on our commitments. Together with our partners we will continue to make significant contributions to the lives of British Columbians.



Shayne Ramsay
Chief Executive Officer

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Organization Overview

BC Housing is committed to working in partnership with non-profit housing providers, housing co-operatives, the private sector, and other levels of government to create affordable housing for those in greatest need.

Our Organization

The British Columbia Housing Management Commission (BC Housing) was created in 1967 through an Order in Council under the *Housing Act* to fulfill the government's commitment to the development, management and administration of subsidized housing.

BC Housing is responsible for implementing the provincial government's housing programs. The provincial government recognizes that the health of our communities is equally important to our economic prosperity, our individual well-being and the sustainability of our environment. [1]Government is committed to promoting communities in which diversity is valued and where there is a flexible, innovative social infrastructure to support our citizens most in need. The strategies outlined in the Service Plan are key to achieving this goal.

Government's housing priorities are reflected in the work underway through the Core Services Review process. We are currently examining how to align existing programs and services to serve those most in need. Options and recommendations for program implementation will be brought to Cabinet in the summer of 2004 and will be reflected in next year's Service Plan.

BC Housing enhances the lives of people in housing need and contributes to the social and economic health of the province. This year, our programs will help more than 55,600 households with low-incomes and/or with special needs find and maintain appropriate and affordable housing. This provides them with the opportunity to continue to live independently and contribute to their communities. The number of households assisted will increase in each of the next three years as people are able to move into the new units created through the *Provincial Housing Program* and *Independent Living BC* and through innovative partnership strategies and initiatives.

In 2003/04, BC Housing generated revenues and incurred expenditures of approximately $279 million. From the provincial government, BC Housing received about 50 per cent of its funding with the remainder coming from the federal government, tenant rents and sundry revenue (see table on page 4). BC Housing has approximately 351 FTEs (full-time equivalent positions) in seven locations throughout British Columbia. BC Housing staff has the experience and expertise to ensure that we are well positioned to meet our goals and objectives.

BC Housing's priorities are aligned with the provincial government's commitment to promote communities in which diversity is valued and where there is a flexible, innovative social infrastructure to support our citizens most in need.

[1] Provincial Government Strategic Plan 2003/04-2005/06; page 15

Vision, Mission, Core Values, and Guiding Principles

Our Vision:

Working in partnership to create housing options for those most vulnerable in our communities.

The partnerships facilitated by BC Housing are vital to communities and help to create a supportive social infrastructure across the province.

Our Mission:

Providing housing options to vulnerable British Columbians to assist them in achieving independence and self-sufficiency.

BC Housing invests in people so that they may invest in themselves. We seek to assist vulnerable British Columbians by providing access to safe, affordable housing that will allow them to achieve independent, healthy and productive lives.

Our Core Values:

Home, Dignity, Community

Our vision is built on these core values. Access to safe, affordable housing is fundamental to the well-being of individuals and our communities. Our staff know they make a difference whether it be by working in partnership with a community organization to build new housing, by responding to a tenant's request for repairs to their home, or by helping an individual apply for housing that is suitable to their needs.

Our Guiding Principles:

- *Building alliances and partnerships*
- *Respecting community leadership and expertise*
- *Protecting public investment*
- *Providing cost-effective solutions*

There is an understanding that the demand for housing is great and our resources are limited. Given the imbalance, we work to ensure that those in greatest need are given priority for housing. Our community partners operate the majority of the subsidized housing across the province. We respect their leadership, professionalism and expertise. Our Board and staff expect that BC Housing and our community partners make fair decisions, make each dollar count and adhere to the highest standards of conduct.

Business Overview

The following chart provides a business overview of BC Housing and the link between inputs from our budget and our performance across key program areas. These linkages are further reinforced in our goals strategies, and our performance in meeting our goals in the Report on Performance that begins on page 18 in this document.

2003/04 Actuals

FUNDING	CORE ACTIVITIES	PROGRAM EXPENSES	SERVICE ALLOCATION
Provincial Government $139.4 million	Management of Public Housing and Group Homes	Operating Expenses for Public Housing $52.9 million	Public Housing Units 7,800 Units
Federal Government $91.5 million		Subsidies to Non-Profit and Co-operative Housing $179.8 million	
Tenant Rent $29.2 million	Administration of Housing Programs and Services		Non-Profit and Co-operative Housing 33,400 Units
Provincial Supporting Ministries $12.0 million		Rent Supplement Assistance $25.9 million	
Other $6.7 million	Facilitation of an Increased Supply of Affordable Housing	Administration $20.1 million	Tenants Living in the Private Rental Market 14,400 Units
Total Revenue - $278.8 million		Total Expenses - $278.7 million	Total Units - 55,600

Who We Serve

The BC Government is committed to promoting communities in which diversity is valued. A key to accomplishing this goal is to focus subsidized housing programs and services on the needs of clients, offering choice and flexibility.

Although not yet complete, the Core Services Review of Housing is providing direction to BC Housing. BC Housing's priority is to provide those in the greatest need with a variety of options that serve both their housing and support needs. Three broad categories of targeted populations have been identified for housing assistance. Each category is representative of the continuum of housing that BC Housing provides to British Columbians in need:

- households in crisis, many of which may be homeless, who require housing and other types of assistance to stabilize their lives, including women and children fleeing abuse;
- elderly and disabled individuals, as well as households with persistent health issues, who require affordable housing with support services to enable them to live independently in the community; and
- families and individuals who, because of low incomes, require housing assistance to enable them to make a transition to a self-supporting lifestyle.

Consequently, all of the new housing we help to build serves those most in need. We are also retargeting the existing housing stock for families and individuals who have complex housing and health needs when units become vacant. To ensure that tenants are placed in homes suitable to their needs and that the buildings continue to serve their communities, we have adopted a gradual retargeting strategy.

SHELTER AND TRANSITION HOUSE IN SURREY OFFERS STABILITY TO TENANTS

Heather, a tenant at Hyland House, now qualifies to participate in an addiction treatment program because stable housing has improved her health. Hyland House is operated by Options: Services to Communities Society and receives funding from BC Housing, the Ministry of Human Resources, Human Resources and Social Development Canada and Canada Mortgage and Housing Corporation.

Households in Crisis – Addressing Homelessness

BC Housing works to address the worst scenario of housing need – homelessness. Throughout BC, a growing number of people are homeless or at risk of homelessness because of an array of problems. These include an inability to afford anything other than poor quality housing, discrimination in the housing market – particularly if they have mental health issues – or the need for additional assistance to find and maintain housing.

The City of Vancouver estimates that there are approximately 1,200 people in Vancouver who are homeless each day, with increasing numbers living in the surrounding municipalities, such as Surrey and New Westminster. There are also a growing number of homeless people in Victoria, Nanaimo, Prince George, Kelowna and Kamloops. It is more and more difficult for emergency housing providers to keep up with demand.

An effective response to the needs of those who are homeless requires a broad range of approaches including crisis/emergency services as well as transitional and re-integrative strategies. It also includes the develop-

ment of a continuum of housing and support options designed to assist individuals in making the transition from homelessness to permanent housing. BC Housing has worked in partnership with non-profit societies, the private sector and other levels of government to address homelessness through the development of nearly 2,600 units of housing for individuals who are homeless or at risk of homelessness. One unique development that was recently opened is Hyland House in Surrey. Hyland House combines an emergency shelter and transitional housing with support services and skills training to help homeless people get out of the shelter system and into self-sufficient living.

Assisting Those in Need of Affordable Housing and Support

Affordability issues are often complicated with health and other social concerns. In these cases, housing must be combined with support to help people maintain or regain their independence. About 46 per cent of those in social housing or receiving housing assistance have mental or physical barriers; frail and aging seniors make up more than half of this number. As a result, BC Housing and our non-profit housing partners have focused our efforts on households with complex social and health needs and frail seniors who require housing with support services.

Households with Complex or Multiple Social and Health Needs – Currently there are more than 12,000 individuals with multiple social and health needs receiving some level of housing assistance through numerous innovative partnership strategies and initiatives between health authorities, and specialist agencies. More than 1,200 people with a mental illness have been housed under the *BC Housing Health Services Program* – a partnership with the Ministry of Health Services and the health authorities. Programs such as this provide an integrated approach to meeting the government's overall social and health objectives.

About 46 per cent of those in social housing or receiving housing assistance have mental or physical barriers.

Frail Seniors – The 2001 Census shows that there are currently 246,000 people aged 75 and over and the recent BC Statistics Forecasts (Jan 2004) project that this number will rise to more than 408,000 by 2021. As the population grows and ages it is a challenge to ensure that seniors' programs and services remain among the best in Canada. Helping elderly seniors remain in independent housing as long as possible reduces pressures on health and long-term care resources. There are approximately 33,300 low-income seniors' households that are receiving some form of housing assistance; 13,400 (approximately 40 per cent) are over the age of 75.

Responding to the changing needs of aging seniors is the focus of the *Independent Living BC (ILBC)* program – a housing for health partnership designed to meet the needs of seniors and people with disabilities who require some personal assistance, but who do not need 24-hour facility care. Under the program, personal assistance and services are delivered in a flexible and responsive manner designed to meet each person's individual and unique needs and circumstances, rather than expecting the person to fit pre-established programs.

SENIORS HAVE MORE HOUSING AND CARE OPTIONS

Doris is one of the many BC seniors who are experiencing the benefits of the *Independent Living BC (ILBC)* program. Before she moved to her own apartment at Care Free Manor Assisted Living in 100 Mile House, 88-year-old Doris was living in residential care because it was the only option in her community and she relied on a wheelchair. But now, she gets around without the need of even a walker or a cane, and she attributes this to being able to live in an assisted living environment that encourages independence and offers support services. Care Free Manor receives provincial rent supplements through the *ILBC* program and funding from Interior Health for support services.

British Columbians in Need of Affordable Housing

In BC, the private sector provides 95 per cent of all housing and meets the needs of the majority of British Columbians. Approximately 65,000 rental households in BC are paying at least 50 per cent of their income on rent. For some of these households, the challenge of finding affordable housing in the private market is often exacerbated by health, age or other conditions that require some form of support. Such households face obstacles that can be overcome through the assistance of subsidized affordable housing.

Last year, BC Housing responded to more than 63,483 housing inquiries and received approximately 6,356 new applications for housing. BC Housing maintains The Housing Registry, a centralized database of applicant information that non-profit and co-operative housing providers can access when units become available and that BC Housing can use for access/placement in public housing. The Housing Registry includes more than 11,000 households such as adults with physical and mental disabilities, seniors, women and their children fleeing abuse and low-income families. As units become available, housing is allocated to those in the greatest need. Over 87 per cent of social housing tenants would have to spend over 50 per cent of their income on rent in the private rental market. Need is determined by the application of a point score that assigns points based on housing need. As existing units turned over, more than 1,039 of these households were housed last year in public housing. The challenge is to ensure that the greatest need is served by limited housing resources.

The co-ordination of supports from other government programs can assist families and individuals to make the transition from subsidized to market housing. In order to maximize people's independence and help them move towards self-sufficiency, BC Housing has initiated a three-year demonstration project that helps families reduce their dependency on government subsidies. Participants develop action plans to increase their long-term life choices including education, career, work options and other goals. Participants may also increase their financial assets through various measures or benefit from financial incentives for upgrading their training or education.

Corporate Governance

BC Housing is accountable to the people of British Columbia. We are guided by principles of partnership, community leadership, responsible and accountable public investments and providing cost-effective solutions.

Since its inception in 1967, BC Housing has been responsible for the delivery of the province's social housing programs. British Columbians have come to expect the highest standards of integrity, quality and competence in the delivery of all of our programs and services whether it be in the management of public housing or in our expanded activities in the areas of development, research or partnership facilitation.

BC Housing's governance relationships and accountabilities to its shareholder (the Government and Legislative Assembly) are contained in the following legislation: *Ministry of Lands, Parks and Housing Act*[1]; *Budget Transparency and Accountability Amendment Act; Financial Administration Act, Financial Information Act.*

BC Housing is held accountable to its shareholder through the Minister of Community, Aboriginal and Women's Services, the Honourable Murray Coell. A Board of Commissioners, appointed by the Lieutenant Governor in Council, guides the Commission in fulfilling its mandate. Lori Wanamaker is the interim chair until the Core Services Review is completed.

BC Housing's corporate governance framework clarifies the lines of responsibility and accountability of the Board of Commissioners and senior management, based on best practices of corporate governance. In addition, a Shareholder's Letter of Expectations sets out the shared understanding between the shareholder and the Commission on key governance issues, corporate mandate and core services, public policy issues, strategic priorities and performance expectations. This accountability is supported by oversight and periodic reporting to central agencies, independent authorities and legislative committees including Treasury Board, the Select Standing Committee on Crown Corporations, the Auditor General, and the Crown Agencies Secretariat.

The Board of Commissioners, in co-operation with senior management, sets the direction for the organization based on the province's planning and reporting principles and ensures that BC Housing aligns its business activities with government's housing priorities.
BC Housing has integrated its governance principles throughout the organization by means of a quarterly accountability report to its executive. This report measures progress against each Service Plan goal, objective and measure and concludes on the degree to which BC Housing's branches deliver on the organization's mandate. BC Housing's Board of Commissioners meets regularly during the year and receives reports from senior management on the progress of BC Housing in achieving its strategic plan.

Ultimately, both the Board of Commissioners and the Minister evaluate the Chief Executive Officer and determine if the performance of BC Housing meets their expectations.

[1] Ministry of Lands, Parks and Housing Act, [RSBC 1996] Chapter 307 British Columbia Management Commission Regulation, B.C. Reg 490/79

How We Provide Our Services

Affordable and appropriate housing is essential to enable individuals and families in greatest need to seek and keep employment; stabilize and maintain their health; and engage in education and community activities. Two branches – Development Services and Housing Operations – are responsible for the delivery of BC Housing's three core activities:

1. facilitation of an increased supply of affordable housing;
2. management of public housing and group homes; and,
3. administration of housing programs and services.

The Development Services branch facilitates the creation of a range of subsidized housing options in partnership with community based housing providers through the *Provincial Housing Program*, the *Independent Living BC* program and innovative partnership strategies and initiatives. BC Housing works with its partners to develop group homes and other housing arrangements such as seniors housing, housing for people with persistent mental illness and housing for individuals who are homeless or at risk of homelessness. BC Housing's first goal of *Increased Housing Options* is achieved in large part through the work of the Development Services branch.

The Housing Operations branch is responsible for the oversight and management of the majority of 7,800 public housing units and 300 group homes as demonstrated in the measures and targets set out in our second goal: *Client-Focused Service Delivery*. This Branch also administers housing programs and services in partnership with our non-profit and co-operative housing partners, as reflected in our third goal: *Sustainable Local Housing Solutions*. Regional offices in Vancouver, Burnaby, Penticton, Prince Rupert, Victoria and Prince George ensure that services are provided effectively at the community level.

The Development Services and Housing Operations branches draw on shared services provided by Personnel and Labour Relations, Corporate Services and Corporate Communications. Together these branches ensure effective human resource management, the efficient use of information technology and information management, financial administration and a commitment to maintaining the highest standards of conduct and customer service in order to build and sustain the public's trust and confidence.

Collectively these branches contribute to the fourth goal, ensuring that BC Housing is *A High Performing Organization*.

BC Housing works with its partners to develop housing and support services for seniors, people with persistent mental illness, individuals who are homeless or at risk of homelessness, and low-income families and individuals.

Organizational Chart and Key Responsibilities

Ministry of Community, Aboriginal & Women's Services — **MURRAY COELL**, Minister

Board of Commissioners — **LORI WANAMAKER**, Interim Chair

Chief Executive Officer — **SHAYNE RAMSAY**

Corporate Communications — **SUSAN THOM**, Director

Housing Operations
MARGARET MCNEIL, Director

Maintains the Housing Registry and allocates units in public housing.

Delivers rent supplement assistance to households living in the private rental market.

Provides financial and administrative support to non-profit and co-operative housing sectors.

Manages public housing and group homes.

Facilitates community based programs to meet complex housing and health needs.

Corporate Services
DAN MAXWELL, CFO

Provides corporate services including finance, payroll, information systems, research and planning, legal and program analysis.

Provides mortgage administration for BC Housing and Provincial Rental Housing Corporation.

Provides construction financing through our status as a *National Housing Act* approved lender.

Development Services
CRAIG CRAWFORD, Director

Facilitates the development of subsidized housing options for those in greatest need. This includes group homes, supportive seniors housing and housing for people who are homeless or at risk of homelessness.

Facilitates the repair of non-profit and co-operative developments experiencing building envelope failure.

Personnel & Labour Relations
AGNES ROSS, Director

Recruits and trains staff.

Facilitates labour relations, negotiations, compensation, job evaluation, benefits management, employment equity and multiculturalism.

Oversees occupational health and safety.

Provincial Rental Housing Corporation (PRHC)

The Provincial Rental Housing Corporation (PRHC) is the land-holding corporation for provincially-owned social housing. BC Housing administers PRHC, which buys, holds and disposes of properties, and leases residential properties to non-profit societies and co-operatives.

PRHC does not employ any staff. The Interim Chair of BC Housing and senior management serve as PRHC Directors. It is a company incorporated under the *Company Act* with the Minister responsible for housing as the sole shareholder.

The Year in Review

Innovative partnerships have helped BC Housing address growing and changing housing needs in an environment where resources are diminishing and costs are increasing.

Traditional responses to funding, capital, and direct service delivery are no longer sustainable. Together with our partners, our challenge is to sustain the social housing system in the long term, and to do this we must design new ways of assisting people in the greatest housing need. Our activities over the last year have done much to move us in that direction. The following is a summary of our successes and highlights the future direction of BC Housing's three core business activities:

1. facilitation of an increased supply of affordable housing;
2. management of existing public housing and group homes; and,
3. administration of housing programs and services.

Facilitation of an Increased Supply of Subsidized Housing

A public-private partnership approach is used to create all new subsidized housing. The developments are owned and managed by private and non-profit/co-operative housing providers and are designed and built by the private sector. During the development phase, BC Housing acts as a facilitator and, once completed, often subsidizes the ongoing operation of this housing.

There are three ways in which BC Housing facilitates an increased supply of subsidized housing:

1. The *Independent Living BC* Program;
2. The *Provincial Housing Program; and,*
3. *Community Partnership Initiatives.*

Together these programs provide a continuum of housing options that addresses a variety of housing and support needs.

BC Housing's success in this area is reported in the Report on Performance under Goal 1: *Increased Housing Options*, page 21. Partnerships with the federal government have also helped to make the province's existing subsidized housing programs more sustainable. For example, two years ago the federal and provincial governments signed the *Canada-British Columbia Affordable Housing* Agreement which is providing $88.7 million in federal funding to the *Provincial Housing Program* and *Independent Living BC.*

Independent Living BC (ILBC)

In April 2002, the provincial government announced a new housing-for-health initiative, *Independent Living BC.* The program is a housing-based model that provides support to low-income seniors and adults with disabilities who can no longer live completely independently, but do not need the level of assistance provided in a residential care facility. It gives people the dignity of having their own home and the security of knowing that help is there when they need it. It also provides for a cost-effective alternative to long-term care.

By 2006/07, the program will provide 3,500 independent living spaces with support for frail seniors and persons with disabilities. Of these, 2,500 will be newly-built or will be converted from existing non-profit housing or health facilities. The remaining 1,000 units will be provided through rent supplements in private assisted living developments.

Independent Living BC is delivered through a public-private partnership between BC Housing, the five regional health authorities, the private sector, community-based groups and other levels of government. For example,

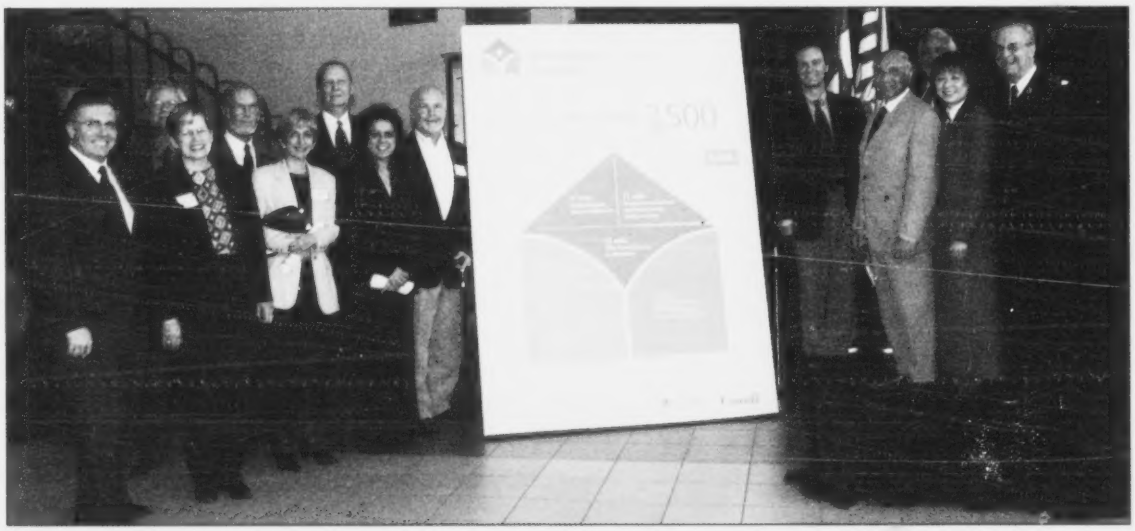
the federal government, through the *Canada-BC Affordable Housing Agreement*, will contribute $51.6 million toward the non-profit component of the program. Once all units are completed in 2006/07, BC Housing will contribute $17.2 million in annual operating subsidies to support the program.

An example of a non-profit development converted into *ILBC* units is the Nanaimo District Senior Citizens' Housing Development Society's new 45-unit development. The development was converted from an outdated multi-level care building. The Society, which has provided seniors' housing to the community since 1955, is providing the land valued at $2.7 million. The federal government is providing a grant of $1.1 million through the *Canada-BC Affordable Housing Agreement*, BC Housing is providing an operating subsidy of $1.5 million over 35 years and the Vancouver Island Health Authority is providing support services.

The *Provincial Housing Program*

The *Provincial Housing Program* helps fund the creation of new non-profit and co-operative developments that provide safe, secure and affordable housing for some of the province's citizens in greatest need. Since June 2001, the provincial government has committed funding for the construction of almost 3,400 units under the *Provincial Housing Program*.

In 2003/04, 388 units were completed under the *Provincial Housing Program*. There are also more than 400 units that are under construction or waiting for final commitment. Communities such as Lillooet, Langford and Vancouver now have new non-profit housing developments for seniors requiring support services (79 units), those homeless and at risk of homelessness (219 units), and low-income seniors and families (90 units). Private, non-profit, community, and municipal partners have contributed $2.8 million in land and equity toward these new developments. The federal government, through the *Canada-BC Affordable Housing Agreement*, provided approximately $5.0 million in capital grants to these developments. Once all units are completed in the next year, provincial subsidies will total approximately $56.4 million annually. The completion of these units (approximately 7,700 since the program's inception in 1994) will bring the program to conclusion.



SENIORS HAVE MORE HOUSING OPTIONS
Housing partners from throughout the Lower Mainland celebrate the allocation of close to 400 *Independent Living BC* units in communities from Vancouver to Hope. Partners include Evergreen Baptist Home, Kinsmen Retirement Center Association, Progressive Intercultural Community Services Society, Tabor Housing Society, Salvation Army, Haro Park and Brodel Development. They are joined here by provincial ministers Murray Coell, Colin Hansen and Ida Chong.

Provincial Government

$2.9 million - BC Housing subsidies over 35 years

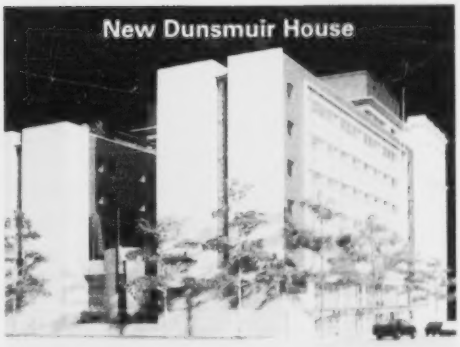
$193,000 annually - Ministry of Human Resources

Federal Government

$900,000 - Canada Mortgage and Housing

$1 million - Human Resources Development of Canada

$931,000 annually - Corrections Canada



City of Vancouver
$1 million

Architect: Neale, Staniszkis, Adams, Doll
Contractor: Stuart Olson Constructors

Salvation Army
$16.2 million
$830,000 annually

Partnership Model

New Dunsmuir House, in Vancouver, is an innovative multi-partnership development that addresses the issue of homelessness. It combines contributions from the three levels of government and the Salvation Army. New Dunsmuir House is a segregated co-ed development that provides individuals at risk of homelessness, Correctional Service of Canada clients, women fleeing from abusive environments and low-income families access to permanent housing, emergency shelter and treatment and resource programs.

This new 216 bed/unit development (which can be increased to 230 beds in the cold and wet weather season to respond to greater demands for emergency shelter) offers :

- Affordable long-term residential accommodation
  - 36 dorm beds for men
  - 32 dorm beds for women
  - 30 beds for Correctional Service of Canada clients
  - 16 units for low-income families
- Emergency shelter beds
  - 102 beds of which 10 beds are designated for women
- Services and programs including
  - Employment training
  - Literacy
  - Addiction treatment
  - Professional guidance

Community Partnership Initiatives

Outside of *Independent Living BC* and the *Provincial Housing Program*, BC Housing has been partnering with municipalities, non-profit societies and other housing partners to put into place innovative strategies and partnership initiatives that have resulted in the creation of an additional 591 units of housing in 2003/04. These units received one-time or limited grants and do not need any ongoing operating subsidies. This year, BC Housing contributed $4.1 million to these partnerships which included contributions for construction and long-term financing, and access to consulting and

legal advice. Our capacity to participate in these innovative partnerships depends on resource availability. The proposals must also be viable without ongoing operating funding from the province.

Additional federal contributions totalling $7.9 million have been levered through the federal *Supporting Communities Partnership Initiative (SCPI)* that supports local, community-based efforts to identify priorities and develop appropriate solutions to homelessness. Municipal partners, local housing providers and other provincial agencies contributed $43.6 million in land contributions, grants and other equity.

A good example of how a project can benefit from BC Housing's involvement is the partnership with the Association Advocating for Women and Children which developed a women's shelter in Prince George. This project operates on a break-even basis and does not receive an ongoing operating subsidy. Earlier this year, BC Housing provided a $67,000 grant towards the completion of this 28-bed, eight-unit women's shelter. Partnership contributions to this development also include funds from CMHC, the Real Estate Foundation and the Ministry of Health Services.

Management of Existing Public Housing and Group Homes

Overseeing the efficient and cost-effective management of the existing public housing portfolio is a key business activity to provide affordable housing and support services to those most in need. BC Housing also provides administration and property management support for more than 300 group homes and special needs residences on behalf of other provincial ministries and health authorities (including shelters and transition houses).

A total of $52.9 million was spent on the management of the public housing portfolio. Of this, $26.1 million is recovered through rent and other revenues for a net of $26.8 million, the federal government contributed $17.7 million and the provincial government $9.1 million.

Public housing is home to many families and individuals who face a number of challenges, such as health or social concerns, and who need housing and support to allow them to retain their independence. For these people, public housing is the only housing option. Our challenge is to optimize the use of a limited housing stock and to create programs to serve those in the greatest need. Partnerships with local health authorities have resulted in the public housing stock being used as a stable base for seniors and people with disabilities where support services can be provided as needed.

For example, at Steeves Manor, a 199-unit public housing development for seniors and young disabled adults in Vancouver, BC Housing is partnering with Vancouver Coastal Health and the Community Home Support Services Association to undertake a number of renovations to the building that will revitalize the community and ensure that those who are aging in place have the services and facilities they need close by. As part of the renovation, a clinic will be created that will be used by doctors, health service providers, and specialists who provide health and support services to tenants.

CHANGES WELCOMED BY TENANTS – Donna (seated) and Abraham (standing), tenants at Steeves Manor, are pleased with the renovations and the new housing and health partnership at their development. "Everything looks pretty good," says Donna. "I'm looking forward to having a health service provider here in the building. It'll be nice to have the extra help right here."

At BC Housing, we understand that the subsidized housing stock we manage and administer is more than buildings; it is people's homes and part of the larger community. BC Housing's performance in this area is directly linked to our our second goal: *Client-Focused Service Delivery* (page 22). A tenant satisfaction survey is conducted annually requesting feedback on key operational areas. This year, tenants reported an overall satisfaction rating of 83 per cent. Tenants also rated the health and safety of public housing at 71 per cent which is on par with services benchmarked against private rental housing. The safety and security of public housing buildings is as important to BC Housing as it is to the tenants. BC Housing is exploring various strategies to ensure safety and security in the public housing portfolio. In furthering this goal, and in order to foster healthy, active and inclusive communities, BC Housing has put in place programs to enhance the quality of life and promote the self-sufficiency of tenants living in public housing. A key to this work is our support for the Public Housing Advisory Council as well as tenant activities at the community level.

Administration of Housing Programs and Services

Building on the value the Board and staff place on community, BC Housing is committed to several strategies that move us toward our third goal of creating and supporting *Sustainable Local Housing Solutions* (page 23).

BC Housing administers a range of housing programs and services that assist people in transition from poverty to self-sufficiency, including rent assistance to families and individuals to help them find appropriate housing in the private market that they can afford and subsidies to community-based non-profit and co-operative housing providers.

Rent Assistance

The provision of targeted rent assistance to almost 14,400 households in the private rental market is an important part of the province's housing strategy and represents an investment of $25.9 million. Rent assistance provides families and individuals with an expanded range of housing options in their community.

Targeted programs such as *Shelter Aid for Elderly Renters (SAFER)* for seniors, *Independent Living BC* for frail and aging seniors and people with disabilities, and the *Supported Independent Living (SIL)*[2] program for people with a mental illness give individuals and families financial assistance so that they may remain in their community and live in existing private rental housing.

Subsidies to Community-based Non-profit and Cooperative Housing Providers

In British Columbia, there are more than 1,400 housing developments managed by more than 650 different housing sponsors in which BC Housing has a funding relationship. These groups are responsible for the management of approximately 33,439 units of subsidized housing. BC Housing provides financial, administrative and technical support to these groups as well as administering long-term operating agreements and managing the flow of housing subsidies. In administering these programs, BC Housing's role is one of stewardship and accountability with an emphasis on working in partnership with local housing providers to create sustainable housing solutions.

As noted in the 2003/04 Business Overview on page 4, the payment of housing subsidies represents a significant portion of BC Housing expenditures. While non-profit and co-operative housing providers are responsible for the day-to-day management of this housing, BC Housing made payments in the amount of $179.8 million to sustain the sector, with $4.1 million in funding being directed to the creation of additional housing units without any ongoing operating subsidy.

These housing developments have been created in partnership with non-profit societies and co-operatives and provincially funded through joint federal-provincial and provincially funded programs. Of the $179.8 million administered through BC Housing, the federal government contributes $66.6 million. This is a contractual responsibility of the provincial government and often

[2] BC Housing administers the *Supported Independent Living* program for two of the five health authorities.

extends for 35 years. Eighty-two per cent of these subsidies are for the payment of mortgages, taxes, utilities, replacement reserves and insurance (typically referred to as "non-manageable costs").

The management response to a challenging financial environment includes strategies to streamline and improve program administration and reduce our administrative and operating expenses. Other initiatives that preserve the social housing stock, realize considerable efficiencies and cost-saving measures include:

- alternate service delivery options based on a best business case strategy;
- manageable cost reductions in non-profits and cooperatives;
- initiatives to support housing providers; and,
- efficiency improvements within BC Housing.

Alternate Service Delivery Options Based on a Best Business Case Strategy

BC Housing continues to identify alternative service delivery (ASD) opportunities when appropriate. We have pursued ASD when the business case supports it as the most efficient and effective alternative. Some recent examples include:

- the consolidation of housing management services to community-based groups for the entire BC Housing portfolio within the communities of Nanaimo and Port Alberni; and,
- the transfer of housing management services for individual buildings in Lillooet, Victoria, Kamloops and Penticton.

With over 86 per cent of BC Housings' social housing portfolio already delivered by other parties (principally non-profit societies), our strategy has been to identify opportunities for the social housing stock to be:

- redeveloped to exploit land equity, secure resources for other housing needs, provide new housing for those in greatest need and transferred to non-profit or cooperative ownership and management;
- transferred to local housing providers to gain efficiencies through economies of scale; and,
- retained where that is the most cost effective strategy.

Manageable Cost Reductions in Non-profits and Cooperatives

Fiscal pressures in BC Housing's 2003/04 budget have resulted in reductions to manageable costs subsidies for approximately 207 housing providers. Of the annual subsidy budget, about 18 per cent or $30 million are manageable costs – including administration, salaries, office overhead, association membership fees and maintenance. By using a manageable cost reduction strategy, an estimated $1.4 million in subsidy savings has been realized.

Several initiatives are underway to provide support to housing providers, increase efficiency, reduce operating costs and enhance revenue opportunities.

Initiatives to Support Housing Providers

Several initiatives are underway to provide support to housing providers, increase efficiency, reduce operating costs or enhance revenue opportunities. The recently launched *Affordable Housing Investment Program (AHIP)* and the Housing Registry were developed in partnership with the BC Non-Profit Housing Association, the Co-operative Housing Federation of BC, non-profit housing providers, and other community-based service organizations. The program enables housing providers to access professionally managed investment funds and improve returns on replacement reserves. Another initiative includes improvements to the Housing Registry, an internet-based database that provides applicant information that allows housing providers to access one list of potential tenants. This eliminates the need to maintain separate waiting lists.

Two other programs that provide considerable efficiency are the bulk insurance program and the bulk purchase of natural gas by non-profit societies and co-operatives. Participating societies realized savings in insurance costs and up to 20 per cent in their gas costs. BC Housing will continue with these and other cost-saving strategies to create additional efficiencies.

Efficiency Improvements within BC Housing

In 2003/04, BC Housing began efficiency improvements in several areas including streamlining the process for utility payments for housing providers. Utility payments for hydro and natural gas are now on equalized monthly billing, which reduces manual data entry and eliminates late penalty charges. In the near future payments will be made through pre-authorized debit further reducing manual processing.

Investments in new information systems are expected to achieve efficiencies over the coming years.

- A project is underway to establish a consolidated property database that will also eliminate several stand-alone systems currently in use. The consolidated system will eliminate the need for multiple entries of the same information, provide enhanced reporting capabilities and lower system maintenance costs.
- A systems replacement project is underway for an integrated Human Resources/Payroll system that will reduce maintenance costs incurred for three separate systems currently used to perform human resources and payroll functions. As well, increased system functionality will eliminate significant manual processing in these areas. This system will be operational beginning December 1, 2004.
- Plans are also underway to implement the procurement card (P Card) process which will eliminate the need for the creation of purchasing documents for small dollar purchases. It is expected that 1,500 (11 per cent) fewer work orders or purchase orders will be required once the system is operational in June 2004. With integration to the finance system, the P Card increases processing efficiency and payment to suppliers resulting in less staff time required and fewer cheques written.

PARTNERSHIP OFFERS HOUSING PROVIDERS INVESTMENT ADVICE

The *Affordable Housing Investment Program (AHIP)*, a partnership between the BC Non-Profit Housing Association and the Co-op Housing Federation of BC with support from BC Housing will help housing providers make good investment decisions and provide investment options that have not been available previously. Pictured here at the launch of AHIP are BC Housing CFO Dan Maxwell, BCNPHA Executive Director Alice Sundberg and Brent Sutton of Phillips, Hager and North.

Report on Performance – Key Highlights

Through efficient planning and effective management practices, a broad range of partnership strategies and initiatives were undertaken to increase the supply of affordable housing options and deliver high quality programs and services to the province's families and individuals most in need.

BC Housing's corporate planning process ensures that we are accountable for the programs and services that we deliver and the public funds that we administer. Recognizing that we have a responsibility to ensure value for money and to demonstrate effective business planning practices, BC Housing's Service Plan identifies four key goals for 2003/04- *Increased Housing Options, Client-Focused Service Delivery, Sustainable Local Housing Solutions*, and *A High Performing Organization*. This section highlights some of the key results that have been achieved relative to these goals.

The results captured under Goal 1 – *Increased Housing Options* – reports on the contribution of our strategies and activities to the wider housing system and our ability as an organization to create an expanded range of options for vulnerable British Columbians. The measures and targets under Goal 2 – *Client-Focused Service Delivery* – focus on the role of the public housing stock and the contribution that it makes to the day-to-day lives of vulnerable families and individuals. Goal 3, in turn, looks at BC Housing's contribution to local communities and the role that we play in partnership with non-profit societies and housing co-ops to respond to unmet housing needs and to put into place *Sustainable Local Housing Solutions*. The final goal – *A High Performing Organization* – is about our capacity as an organization to deliver high quality programs and services in a flexible and accountable manner.

Key performance highlights are discussed in this section with additional details in the following section.

Increased Housing Options

Within the context of this goal, BC Housing was successful in adding 1,230 housing units in 2003/04 to respond to British Columbians in greatest need. This is 10 per cent above the target set out in the Service Plan and this is expected to rise by more than 3,600 units over the next three years. This year almost half of all of the units were created through innovative partnership strategies and initiatives. Future targets hope to see this trend continue progressively by up to a minimum of 15 per cent of units over the next three years.

This year we were also successful in forging new financial partnerships and securing equity contributions equal to approximately $67.5 million. This has helped to extend the work that we have been able to do and includes $21.1 million in federal funding and $46.4 million in funding from municipal and other partners. These partnerships are integral to this organization's ability to increase our capacity for responding to unmet housing needs. As such, we will continue to focus our efforts on securing federal equity contributions equal to approximately $51.3 million over the next three years as well as lever an additional 12 to 15 per cent in equity from other sources.

Client-Focused Service Delivery

The public housing portfolio plays an important role in meeting the ongoing needs of vulnerable families and individuals. The measures and targets set out under this goal report on the number of units that became available through turnover to assist families and individuals on BC Housing's Applicant Registry.

We also try to look at the extent to which we are using our limited resources to serve those who are most vulnerable. Our 2003/04 results shows 38 per cent of all of the units that became available went to households with a combination of housing and support needs. This is up by more than nine per cent from the previous year and speaks to our ongoing commitment to finding ways to use our limited resources. This remains a priority with the 2004/05 – 2006/07 Service Plan targets, seeking to maintain or improve the current level of performance.

The measures and targets set out in this section also look at the effectiveness of our management practices when compared to industry standards and benchmarks as well as the quality of the services that we provide to our tenants. This includes high levels of satisfaction reported through periodic surveys of tenants living in public housing (eight per cent above target) as well as ongoing success in meeting our operational targets for 2003/04 in terms of vacancy management (1.3 per cent better than the industry benchmark) and tenant rent collection practices (one per cent better than the target).

While our performance was generally strong under this goal, we were slightly below our 2003/04 target for the completion of planned modernization and improvement projects (six per cent below) with 329 out of 392 planned projects being completed. As well, the level of turnover within the public housing portfolio has emerged as a potential area of concern. Based on the 2003/04 results, the natural rate of turnover within the public housing portfolio was almost two per cent below the historical benchmark. This means fewer units were available to assist families and individuals on BC Housing's Applicant Registry.

MORE AFFORDABLE RENTAL HOUSING AVAILABLE IN COAL HARBOUR

Working families, singles and people with disabilities with low to moderate incomes now have access to 284 affordable rental units in Vancouver's downtown. This development is a partnership between BC Housing, the City of Vancouver, Marathon Realty, and Affordable Housing Societies

Sustainable Local Housing Solutions

The third goal relates to BC Housing's role within the wider community including the contribution that we make to the non-profit and co-op housing sectors through the provision of financial, administrative and technical support. The measures and targets set out in this section look at the extent to which BC Housing has been successful in putting into place strategies that provide flexibility and choice for households in the private rental market. It also looks at our contribution to the social infrastructure in local communities.

BC Housing has also been working to put into place structures and processes that help to establish an appropriate balance between oversight and sector autonomy with higher levels of review and support being targeted to those housing providers facing greater difficulty in meeting key operational and financial targets. This is accomplished through the use of an automated *Housing Provider Profile* that tracks the performance of the sector across key social housing measures and that allows us to target our limited staff resources to those groups

CAMPUS OF CARE ALLOWS SENIORS TO AGE IN PLACE

Marion Simpson is 82 and will soon be needing more help with daily activities. She is relieved to know that she won't need to move away from her family and friends because of the new assisted living housing at Nanaimo District Seniors Citizens' Housing Development Society's campus of care.

requiring more assistance. This is the first year that the *Housing Provider Profile* has been fully operational but the results show strong performance with less than three per cent of all housing providers falling into the category of requiring higher levels of review and support. This is seven per cent below the target that was set. Working to continue to support the effectiveness of the sector remains an ongoing priority.

BC Housing's technical and financial expertise in managing a large mortgage portfolio and in obtaining competitive rates through the bulk tendering of mortgages has also been instrumental in contributing to the longer term financial sustainability of the social housing sector. For the $170 million in mortgages that were renewed or placed during the year, an estimated $28 million in interest savings has been generated over the terms of these mortgages.

While performance across the key measures and targets related to our goal of creating *Sustainable Local Housing Solutions* has been relatively strong when compared to the measures and targets that have been set, we fell approximately nine percentage points short of our internal target of having at least 90 per cent of all new housing applications processed within 10 working days. The difference is attributable to the increased workload arising from the expansion of *The Housing Registry* – an initiative which over the longer term will have significant and far-reaching benefit for all applicants.

A High Performing Organization

The measures and targets under this goal evaluate the success of our practices in building and maintaining a diverse and skilled workforce as well as in adapting and responding to a changing financial, economic and social environment.

Continuing to work to build a high performing organization is central to our success in carrying out our mission. This includes investing in training and technology designed to strengthen and improve our business processes and to allow us to "deliver more with less".

We recognize that at the core of all successful organizations is the hard work, dedication and professionalism of the staff who make the difference both in terms of innovation and excellence. We recognize that this commitment is critical to creating conditions for future success and in creating the capacity to deliver on our mandate in a way that meets government's priorities, legislated requirements and broader social policy objectives.

Goal 1: *INCREASED HOUSING OPTIONS*

This goal aligns with BC Housing's vision of working in partnership to create housing options for people with the greatest need in our communities and our role in facilitating the creation of an expanded range of affordable housing options within the wider housing system. Our delivery strategies include: responding to the changing needs of frail and aging seniors through the *Independent Living BC* program (in partnership with health authorities); and developing a broad range of integrated housing and support strategies under the *Provincial Housing Program*. Creating an expanded range of housing options in response to increasing demand pressures continues to be one of the greatest challenges we face. Consequently, we are most successful when we find ways to use limited resources to lever additional housing opportunities from across a broad base of partners.

The four measures in this section track and report on the number of units created and the equity other partners have contributed. These measures focus on BC Housing's ability to create an expanded supply of housing through a broad range of strategies and initiatives and BC Housing's ability to bring other partners to the table.

OBJECTIVES

- Direct new resources to increase housing options for people with the greatest need in the province.
- Lever existing assets to generate additional housing units.
- Establish partnerships with the federal government, community organizations, the private sector, local government and other ministries to create additional locally-based housing options.

KEY STRATEGIES

- Completion of units under the *Provincial Housing Program* as well as delivery of the *Independent Living BC* program.
- Identification of opportunities to partner with other levels of government as well as the non-profit and private sectors in the development of housing options that do not require ongoing government subsidy.
- Redevelopment and regeneration of existing social housing assets.

KEY OUTCOMES (details can be found on pages 25 to 26)

Measures Summary	2003/04 Target	2003/04 Results	Status
Number of housing units created	1,114 units	1,230 units created	10 per cent above the target
Additional housing units levered	110 units	591 units levered	5 times better than the target
Federal equity contributions levered	$14.7 million	$21.1 million in federal funding	44 per cent above the target
Land and partnership equity generated	$10 million	$46.4 million in partnership equity	4 times better than the target

Goal 2: *CLIENT-FOCUSED SERVICE DELIVERY*

This goal is about responding to the housing needs of low-income families and individuals who due to a combination of illness, disability and low-income have a limited capacity to afford housing. In many circumstances, there is a need for housing assistance and support services. This includes the many frail and aging seniors who are living on a fixed income. This goal contributes to the government's broader vision of providing high-quality services and support to allow British Columbians to achieve their full social and economic potential.

The seven measures in this section help us track and report on the number of units in the public housing portfolio that are expected to become available through natural turnover. In addition to tracking and reporting on who we are serving, the measures help us to know if we are providing high-quality services in an efficient and cost-effective manner when compared to industry standards and benchmarks.

OBJECTIVES

- Provide access to well-managed public housing for those with the greatest need.
- Ensure the long-term quality and viability of the public housing stock through effective management.
- Maximize housing options through the public housing portfolio for those with complex housing and health needs.

KEY STRATEGIES

- Successful placement of tenants in public housing through an effective process.
- Efficient management of public housing through a progressive capital planning process and sound maintenance practices.
- Increased emphasis on the placement and support of tenants with complex housing and health needs.
- Ensure that management is responsive and client-focused through periodic surveys.

KEY OUTCOMES (details can be found on pages 27 to 29)

Measures Summary	2003/04 Target	2003/04 Results	Status
Households assisted through public housing	7,800 units	7,768 units	On target
Applicants housed through turnover in public housing units	1,170 units equal to a turnover rate of 15 per cent	1,039 units equal to a turnover rate of 13 per cent	2 per cent below the target
Households assisted with complex housing and health needs	15 per cent	38 per cent	23 per cent above the target
Vacancy rate in the public housing portfolio	3 per cent	1.7 per cent	1.3 per cent better than the industry benchmark
Collection of tenant rents within timeframe	97 per cent	98 per cent	1 per cent better than the internal benchmark
Modernization and improvement projects completed	90 per cent	84 per cent	6 per cent below the target
High level of tenant satisfaction	75 per cent	83 per cent	8 per cent above the target

Goal 3: *SUSTAINABLE LOCAL HOUSING SOLUTIONS*

BC Housing seeks to work in partnership with local governments, communities, the private sector and local housing partners to put into place sustainable local housing solutions that contribute to both individual and community well-being. This includes working to ensure that there are a range of housing options available within the wider housing system to respond to households at varying economic and life cycle stages. This includes the work that is currently being done with local health authorities to respond to the changing needs of frail and aging seniors as well as our work with the non-profit and co-op housing sectors and local service providers to tackle issues related to poverty, addictions, mental illness, homelessness and other social challenges.

The seven measures set out under this goal help to track and report on the effectiveness of our current delivery strategies in terms of meeting local housing needs and in terms of contributing to the broader social housing system in a way that is both fiscally and socially responsible.

OBJECTIVES

- Effective planning, management and delivery of housing programs and services.
- Provision of affordable housing options for those most in need in the private sector.
- Respect and support for the expertise and local autonomy of community-based housing providers.

KEY STRATEGIES

- Maintain appropriate oversight of government resources while improving the overall level of program co-ordination.
- Provide subsidies to non-profit and co-operative housing providers through a performance management and incentive-based system.
- Provide coordinated access to social housing through an internet-based housing registry.
- Delivery of rent supplement assistance to households living in the private rental market.

KEY OUTCOMES (details can be found on pages 30 to 32)

Measures Summary	2003/04 Target	2003/04 Results	Status
Households assisted through access to non-profit and co-op housing	33,200 households	33,439 households	Almost 1 per cent above the target
Assistance to households in the private rental market	15,100 households	14,394 households	5 per cent below the target
Housing providers participating in *The Housing Registry*	5 per cent year-over-year increase over the baseline	22 housing providers on the Housing Registry	3 times better than baseline
New housing applications received and processed within timeframe	90 per cent of all new housing applications processed within 10 working days	81 per cent of all new housing applications processed within 10 working days	9 per cent below the target
Decreased levels of review for housing providers	<10 per cent of housing providers requiring high level of review and support	3 per cent of housing providers requiring a high level of review and support	7 per cent better than the target
Subsidies to housing providers	$175.3 million	$179.8 million	2.5 per cent above the target
Interest savings on mortgages renewed or placed	50 to 100 basis points below comparable market residential pools	122 basis points below comparable market residential pools	22 per cent better than target

Goal 4: *A HIGH PERFORMING ORGANIZATION*

BC Housing has the responsibility to ensure that our programs and services are well-administered and that they produce concrete and measurable results. We also have the responsibility to ensure that we deliver these programs in a manner which is responsive to local needs and which helps to advance the government's social and economic development goals. To achieve this, it is necessary to continue to work to build the financial, administrative and technical capacity of the organization by looking for opportunities to take advantage of technology and innovation to enhance our productivity. It also means looking for opportunities to broaden our base of partnerships with the private sector, the non-profit and co-op housing sectors as well as other levels of government and local service agencies to put into place strategies and initiatives that will continue to help to respond to British Columbians most in need.

The six measures in this section tell us how well we are performing as an organization in terms of the skills, abilities and dedication of the staff who work at BC Housing and in terms of our use of opportunities presented by technology. They also tell us how well we are responding to the government's priorities as set our in our Shareholder's Letter of Expectations as well as in adapting and responding to legislated requirements and in meeting the government's broader social policy direction.

OBJECTIVES

- Maintain a professional, committed work force that is responsible to and reflective of the diversity of the communities where we live and work.
- Demonstrated commitment to excellence, integrity and continuous improvement.
- Ensure that the functions of the organization are carried out according to government priorities, legislated requirements, and broader social policy objectives.

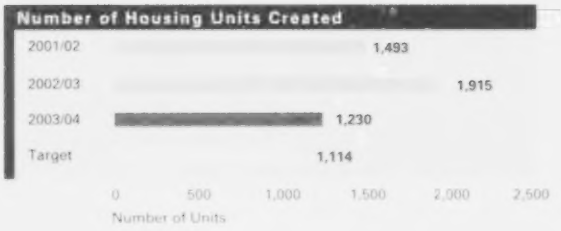
KEY STRATEGIES

- Effective human resource management including recruitment, retention, and promotion initiatives that support the goals of human rights, employment equity, multiculturalism and diversity.
- Efficient use of information technology and information management.
- Demonstrated commitment to excellence, integrity and continuous improvement.

KEY OUTCOMES (details can be found on pages 32 to 34)

Measures Summary	2003/04 Target	2003/04 Results	Status
Success in maintaining a diverse work force	Recruitment representative of the provincial demographics	60 per cent of new staff hired were in one of the four designated groups	On target
Staff participating in Voluntary training	65 per cent of staff in training opportunities	80 per cent of staff participated in training opportunities	15 per cent above the target
Staff with perfect attendance	20 per cent of staff with perfect attendance	19 per cent of staff with perfect attendance	1 per cent below the target
Increased use of technology	Successful development of e-government initiatives		Ongoing
Full implementation of the directions set out in the Shareholder's Letter of Expectations	100 per cent of requirements fulfilled		Ongoing
Compliance with all relevant acts and legislation	100 per cent compliance		Ongoing

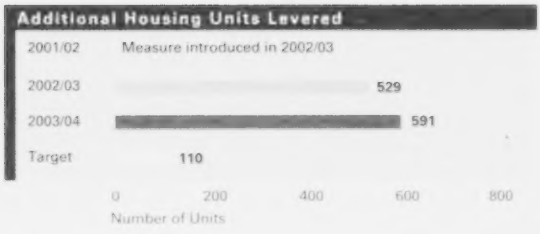
Goal 1: *INCREASED HOUSING OPTIONS*



Performance Results

In 2003/04 BC Housing saw the completion of 1,230 units under a mix of strategies including 639 units under traditional programs and 591 units through *Community Partnership Initiatives*. Our success in creating units through partnership opportunities played a critical role in allowing us to meet our 2003/04 target, representing almost half of all the units that were created during this period. The Service Plan target for the planning periods 2004/05 to 2006/07 estimates more than 3,600 units to be completed not including those levered through innovative partnership strategies and initiatives.

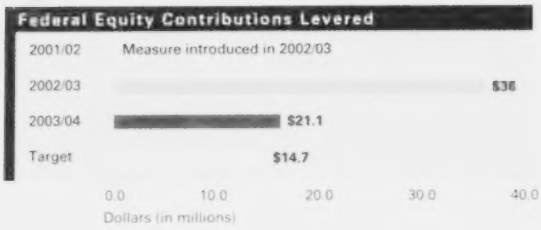
Notes: This measure reports on the number of units created under *Independent Living BC*, the *Provincial Housing Program* and *Community Partnership Initiatives*. The target is based on the approved budget and the number of units anticipated to be completed over the planning period. Data to support this measure is tracked and reported on a quarterly basis through BC Housing's BILD system.



Performance Results

Of the 1,230 units created in 2003/04, 591 units (48 per cent) were levered through a range of multi-stakeholder initiatives designed to put into place creative and flexible strategies to meet housing needs. These additional units were created in more than 10 communities and involved BC Housing, local governments, local service providers and housing partners. Projects that received funding support included emergency and transitional housing for women in crisis, housing for persons with physical and mental disabilities and multi-service housing for people at risk of homelessness. The Service Plan for the planning periods covering 2004/05 to 2006/07 sets a target of an additional 15 per cent of units to be levered through innovative partnership strategies and initiatives.

Notes: This measure reports on the number of units created through multi-stakeholder partnerships outside the traditional program approach. These units are designed to respond to unmet housing needs in a flexible and cost-effective manner without any ongoing government subsidy. The internal target is 10 per cent which would mean the creation of an additional 110 units in 2003/04. Data to support this measure is tracked and reported on a quarterly basis through BC Housing's BILD system.



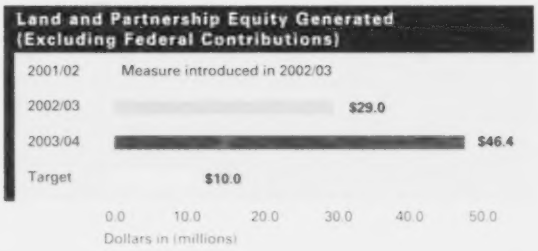
Performance Results

Under the *Canada-BC Affordable Housing Agreement*, the province of B.C. will receive $88.7 million over five years. In 2003/04 federal contributions equal to $21.1 million were realized including $13.2 million under the Canada-BC Affordable Housing Agreement and $7.9 million under *Supporting Communities Partnership Initiative (SCIPI)*. This is 44 per cent better than our target and is attributed to BC Housing's success in identifying and levering opportunities through multi-stakeholder partnerships. In addition, in 2003/04, the federal government announced that it would make an additional $41.7million available to support further housing development. Negotiations are currently under way between the Province and the federal government with respect to the terms and conditions related to this funding. The Service Plan target for the planning periods 2004/05 to 2006/07 estimates an additional $51.3 million in Federal equity to be levered over the next three years under the current agreement.

Notes: This measure includes the anticipated federal equity contributions levered under:

- the *Canada-BC Affordable Housing Agreement* - a multi-year agreement entered into in December 2001. The federal government will provide one-time capital grants to support the development of affordable housing where provincial governments are willing to provide matching provincial funding;
- the *Supporting Communities Partnership Initiative (SCPI)* to support community-based initiatives to develop homelessness solutions;
- other federal programs such as *Residential Rehabilitation Program* and the *Shelter Enhancement Program*.

Data to support this measure are tracked and reported quarterly through the CMHC claims process as well as through BC Housing's BILD system.

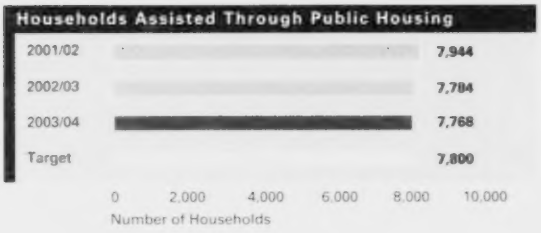


Performance Results

In 2003/04 developments with a capital cost of approximately $100 million received funding approval. This included 24 developments that involved multi-stakeholder funding and which received one-time funding from BC Housing. To meet the Service Plan target of a minimum of 10 per cent of capital costs, a total of approximately $10 million in partnership equity would have to be levered. The results exceeded this target by a significant amount with a total of approximately $46.4 million in land and partnership equity being levered. This included $2.8 million for units that received funding approval under traditional programs as well as $43.6 million for units receiving BC Housing funding through multi-level stakeholder partnerships. Combined equity contributions equalled $10.2 million in land, $36.1 million in grants and equity, and includes $2.8 million in grants from other provincial ministries and agencies. The Service Plan for the planning periods 2004/05 to 2006/07 sets a target of an additional 12 to 15 per cent in partnership equity to be levered from municipal governments, local housing providers and other sources.

Notes: This measure reports on the value of land contributions, grants and partnership equity opportunities identified for developments receiving a funding commitment within the planning/reporting period. Partners include municipal governments, local housing providers, other provincial ministries and agencies including Health Authorities. It does not include federal equity. Data to support this measure is tracked and reported quarterly through BC Housing's BILD system.

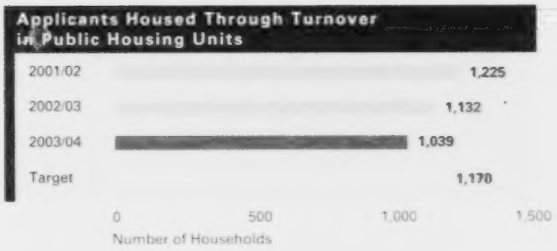
Goal 2: *CLIENT-FOCUSED SERVICE DELIVERY*



Performance Results

Within the wider social housing system, public housing accounts for approximately 7,800 units or less than 10 per cent of the total subsidized options available. These units are targeted to low-income familes and individuals who face a combination of challenges and require a range of housing and support. Priority is given to women and children fleeing abuse, frail seniors and those with a chronic and persistent mental illness (housed through the *BC Housing Health Services Program*). Based on the most current data, the average annual income for households living in public housing is $12,000 for seniors and $16,000 for families. In addition, many of these households face a combination of other challenges. The Service Plan target for this measure remains constant over the planning periods covering 2004/05 to 2006/07.

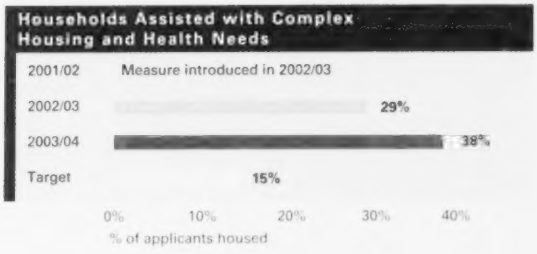
Notes: This measure reports on the number of units in the public housing portfolio and is tracked and reported quarterly through BC Housing's INHOUSE system.



Performance Results

Applicants on BC Housing's Applicant Registry are point-scored and housing is allocated as it becomes available based on the greatest need. As of March 31, 2004, there were more than 11,000 households on BC Housing's Applicant Registry. In addition, BC Housing received more than 500 new housing applications each month and responded to more than 63,483 calls from households in need of advice and assistance. At the same time, only 1,039 units became available through natural turnover within the public housing portfolio. This represents a rate of turnover of approximately 13 per cent and is lower than anticipated, based on historical data. While the Service Plan target for this measure remains constant over the planning periods 2004/05 to 2006/07, it is important to recognize that the actual number of units to become available has continued to decline. This, in turn, has resulted in a diminished capacity to respond to applicants in need of housing and will be something that we will continue to monitor.

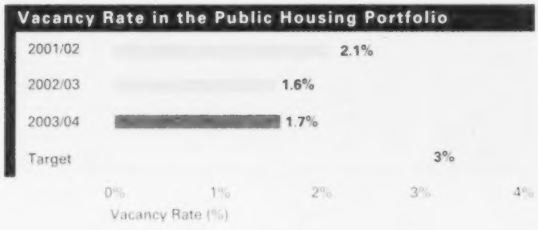
Notes: This measure tracks the number of units that become available through turnover in the public housing portfolio with the target being set using historical operating data. This measure provides an important baseline for determining the approximate number of units that will become available in a given year through natural turnover to respond to the needs of applicants on BC Housing's Applicant Registry. Data to support this measure is captured in BC Housing's INHOUSE system. External benchmarks are also available in the Census and through special studies conducted by Canada Mortgage and Housing Corporation (CMHC) and others within the social housing sector.



Performance Results

Of the 1,039 public housing units to become available in 2003/04, more than 390 were allocated to families and individuals with complex housing and health needs. This includes: 123 units for women and children fleeing abuse; 112 units for people with disabilities; 53 units for frail seniors; 76 units for people with a mental illness (housed through the *BC Housing Health Services Program*); and 27 people housed through the *Alcohol and Drug Transition* program. Access to housing plays an important role in helping households with complex housing and health needs. This will continue to be a key organizational priority with the Service Plan target for the planning periods 2004/05 to 2006/07 seeking to maintain or improve on the current level of performance with the target ranging from 30 to 33 per cent of all units being targeted to those in need of housing and support.

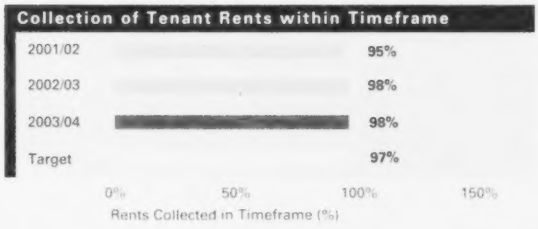
Notes: This measure reports on BC Housing's success in responding to directions set out in BC Housing's Shareholder's Letter of Expectations which directs BC Housing to improve access to, and maximize the use of public housing for people with complex housing and health needs. This includes women and children fleeing abuse, frail seniors (75+), as well persons with mental and physical disabilities including issues with addiction. Data to support this measure is captured through BC Housing's INHOUSE system and monthly housing reports.



Performance Results

As of March 31, 2004, BC Housing had an average vacancy rate of 1.7 per cent. This is consistent with the results from the previous year and continues to show strong performance in our vacancy management strategies and processes. This rate is lower than the provincial average which was reported at 3.1 per cent in CMHC's 2003 *Rental Market Report*. The Service Plan target for this measure is based on an industry benchmark and remains constant over the planning periods 2004/05 to 2006/07.

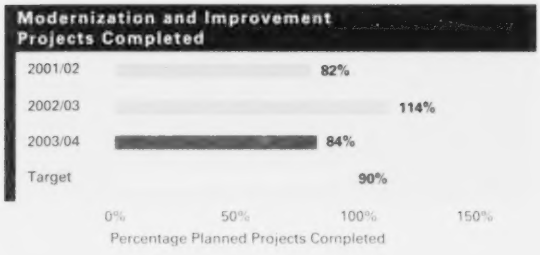
Notes: This measure reports on the efficiency of our vacancy filling processes in comparison to the private market benchmark of three per cent. Taking into account the potential for seasonal variation as well as changes in local rental market conditions this measure is reported as a snap shot effective March 31, 2004. The results are also compared to the most recent rental market data available through information published annually in Canada Mortgage and Housing Corporation's *Rental Market Report*. Data to support this measure is tracked by staff in Research & Corporate Planning and reported monthly.



Performance Results

In keeping with past performance, BC Housing has continued to show strong performance in this area with 98 per cent of all tenant rents being collected within the established time frame. The performance results reported in 2003/04 are consistent with our performance in past years and help to demonstrate the ongoing effectiveness of our management practices in the collection of tenant rents. The Service Plan target for this measure is based on an internal benchmark and remains constant over the planning periods 2004/05 to 2006/07.

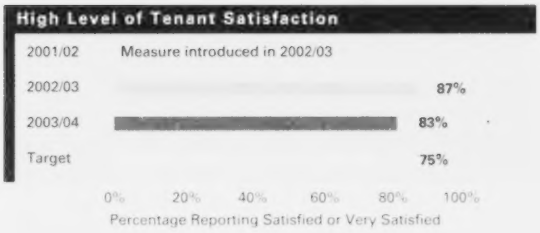
Notes: This measure is based on an internal benchmark and is designed to maximize the collection of tenant rents and to reduce the risk of bad debts and arrears. The target of 97 per cent of rents collected within 15 working days of the first month allows us to track the efficiency of our rent collection processes. Data to support this measure is tracked and reported monthly by staff in Housing Operations.



Performance Results

Based on the priorities set out in the modernization and improvement (M&I) plan in 2003/04, 329 out of a total of 392 planned projects were completed. This represents a financial commitment of $17.8 million and a completion rate of 84 per cent for all planned projects. This work was carried out in 91 developments representing approximately 94 per cent of the public housing stock. A number of projects that were initiated included retrofit work designed to respond to the changing needs of frail and aging seniors. While this measure helps to provide insight into the management of BC Housing's M&I plan, we recognize that there are significant limitations with this as an outcome measure. As a result, our goal over the 2004/05 to 2006/07 planning periods is to develop a more meaningful measure for tracking and reporting on the success of our strategies in responding to the challenges of an aging housing portfolio.

Notes: This measure is tied to BC Housing's annual modernization and improvement (M&I) plan which identifies major projects to be completed on a priority basis for developments across the public housing portfolio. This three-year plan is updated annually. This internal target is designed to track and report on the number of planned projects that are completed.

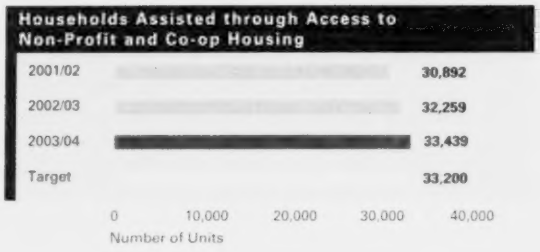


Performance Results

Eighty-three per cent of all survey respondents reported that they were satisfied or very satisfied with their housing situation while 82 per cent reported they were satisfied with both the management of their housing and the responsiveness of management to tenant requests. These results show that not only are we providing a valuable service to British Columbians in need, but that we are doing it well. The Service Plan for the planning periods 2004/05 to 2006/07 seeks to maintain our current level of performance with established targets falling between 77 per cent and 80 per cent of all tenants reporting high levels of satisfaction with their housing.

Notes: This measure reports on the percentage of tenants indicating that they were satisfied or very satisfied with their overall housing situation based on feedback received from almost 3,200 households that responded to a Tenant Satisfacton Survey initiated by BC Housing. The survey, which was completed on a voluntary basis, generated a response rate of more than 40 per cent.

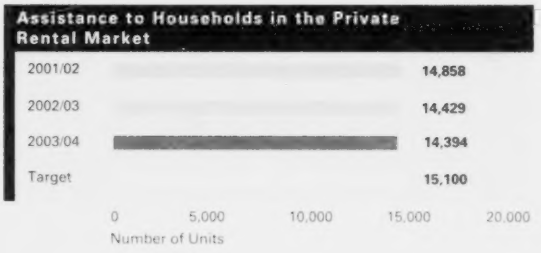
Goal 3: *SUSTAINABLE LOCAL HOUSING SOLUTIONS*



Performance Results

Subsidized housing in BC includes approximately 33,439 units managed by more than 650 housing providers in 147 communities across the province. This housing plays a central role in responding to families and individuals in crisis, supporting healthy childhood development, and in responding to the needs of frail and aging seniors by creating a range of options across the province. The Service Plan target for the planning periods 2004/05 to 2006/07 includes an estimated increase of between three and four per cent annually with about 35,600 households being assisted by 2006/07.

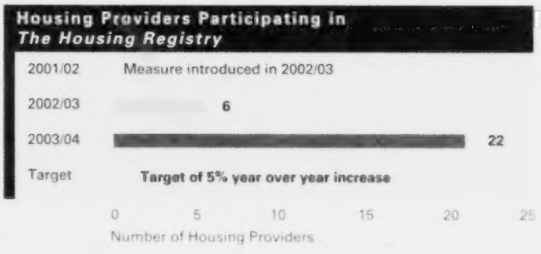
Notes: This measure reports on the inventory of non-market housing managed by non-profit and co-op housing providers that receives some level of provincial funding. The units reported in this section include those funded under federal-provincial cost-sharing agreements and those funded solely by the province. This measure includes units funded under the *ILBC* program, the *Provincial Housing Program*, and units created through *Community Partnership Initiatives*. The number of units reported annually is expected to increase as new units reach completion. Data is tracked and reported monthly through BC Housing's administrative data.



Performance Results

More than 95 per cent of all households (owners and renters) live in private market housing. Of these, approximately one per cent receive housing assistance under one of the provincial rent supplement programs. These programs provide a cost-effective approach for responding to households in immediate need, offering increased flexibility and choice in terms of the range of housing options available. The Service Plan sets a target of about 15,100 households assisted over the period from 2004/05 to 2006/07.

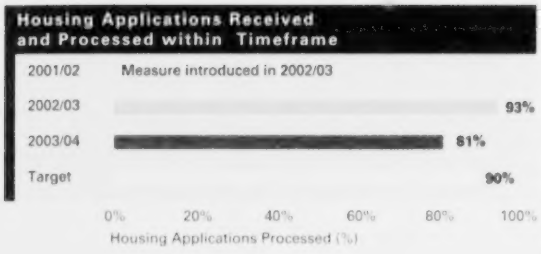
Notes: This measure reports on the number of households living in private market housing that receive some level of housing assistance under *SAFER* (Shelter Aid for Elderly Renters), *SIL* (*Supported Independent Living*), or other targeted rent supplement programs. Data is tracked and reported monthly through BC Housing's administrative data.



Performance Results

In 2003/04, BC Housing increased the level of participation in *The Housing Registry* from a baseline of six housing providers to 22 housing providers and six community/sector partners. This is an important organizational priority. The Service Plan target from 2004/05 to 2006/07anticipates increased participation in *The Housing Registry* by five per cent annually.

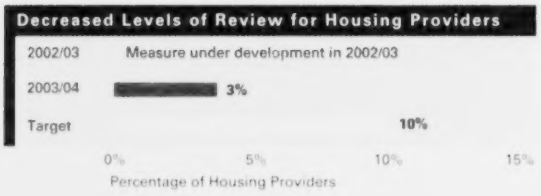
Notes: *The Housing Registry* is an internet-based tool that was launched in 2001/02. It allows housing providers to select applicants from a common waiting list and is designed to provide a coordinated approach to access to social housing. Data to support this measure is tracked and reported every month by Housing Services.



Performance Results

There are more than 11,000 households on BC Housing's Applicant Registry. In addition, BC Housing receives an average of more than 500 new housing applications each month. A total of 6,386 housing applications were received in 2003/04; of these, 5,192 were processed within the established target of 10 working days. This represents a total of 81 per cent of all new housing applications and is slightly below the 90 per cent target. This can be attributed in part to resources being redirected to support the expansion of *The Housing Registry*, an initiative that will have long-term benefits for applicants and result in a more streamlined and coordinated system. The Service Plan target for this measure remains constant over the planning periods covering 2004/05 to 2006/07.

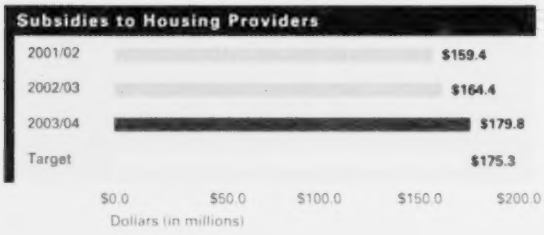
Notes: This measure indicates how well we are serving the needs of people who have applied with BC Housing. The target is based on an internal service standard for Housing Services staff and is designed to enable them to meet their goals of providing prompt, reliable and knowledgeable service. Data to support this measure is tracked by Housing Services.



Performance Results

Based on the 2003/04 results, less than three per cent of all housing providers were in the category of requiring higher levels of review and support. This is seven per cent below the established target. This is the first year that sector-wide results have been available through the *Housing Provider Profile* and the results show strong sectoral performance. The Service Plan target for this measure remains constant over the planning period covering 2004/05 to 2006/07.

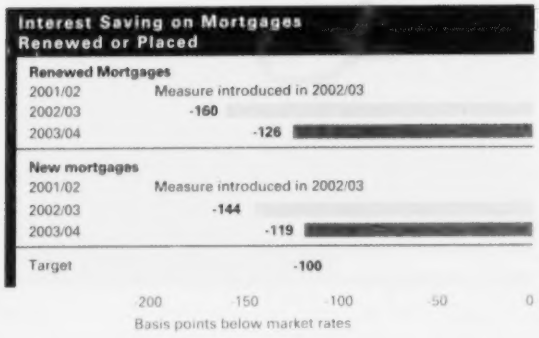
Notes: This measure tracks the performance of the housing sector across a number of operational and support standards based on an automated profile. The goal is to focus BC Housing staff time and resources on those housing providers that need it most. This measure is designed to promote long-term financial sustainability for the housing sector while at the same time decreasing the level of review for housing providers demonstrating effective management practices.



Performance Results

In 2003/04, $175.7 million was made in subsidy payments to more than 650 housing providers. This is in addition to an investment of $4.1 million in one-time funding contributed to *Community Partnership Initiatives*. These investments represent an important contribution to the social infrastructure and local economies of more than 147 communities, and are an ongoing asset for responding to local needs. The Service Plan target for this measure is captured in the Summary Financial Outlook on page 37 and includes a target of $180.8 million in 2004/05, $178.3 million in 2005/06 and $180.8 million in 2006/07.

Notes: This measure reports on the annual contribution BC Housing makes in the payment of subsidies to non-profit and co-op housing providers. These payments cover the costs associated with managing and maintaining the social housing portfolio, such as mortgage payments, taxes, utilities, maintenance and improvements. The target set out in the Service Plan reflects the anticipated annual subsidy payments to be made based on the inventory of active units. This measure is subject to change as the size of the portfolio increases or decreases. External factors can influence this measure including: inflation, changes in interest rates, change in family, or a drop in tenant rent revenue. Data to support this measure is tracked by Financial Services.

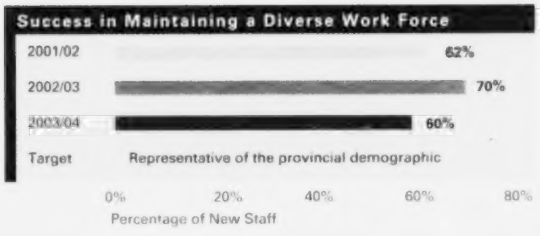


Performance Results

In 2003/04, $45 million in new mortgages were placed and $125 million in mortgages were renewed with the mortgages falling on average 122 basis points below the rates that would have been available to housing sponsors under conventional financing. While we have been successful in meeting our target for 2003/04, the savings were slightly lower than the previous year due to a reduction in the volume of mortgages placed as well as some market increases to long-term interest rates. Because of potential fluctuations in the volume of mortgages and interest rates, the Service Plan target for this measure estimates an average of 100 basis points below market rates for the next three years.

Notes: This measure reports on the results of mortgage tenders for newly placed or renewed mortgages by BC Housing. Results are compared to posted mortgage market rates that would be available to housing sponsors if BC Housing were not involved in the placement of these loans. This measure relates only to those mortgages placed on wholly-provincial projects. Mortgages for projects that are cost-shared by the federal government are placed by Canada Mortgage and Housing Corporation. Data to support this measure is tracked and reported quarterly by Financial Services.

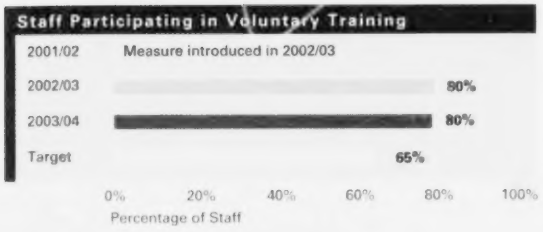
Goal 4: *A HIGH PERFORMING ORGANIZATION*



Performance Results

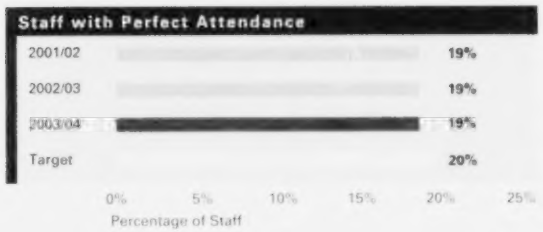
In 2003/04, 32 out of the 53 staff hired were from among one of the four designated groups. This represents approximately 60 per cent of the total and is in line with performance from previous years. In keeping with the target that we have set for ourselves, it is also representative of the general profile of the wider population. The Service Plan target for this measure remains constant over the planning period covering 2004/05 to 2006/07.

Notes: This measure reports on the extent to which BC Housing has been successful in recruiting and placing staff from across all demographic groups including women, people with disabilities, visible minorities and Aboriginal people with the underlying objective being to pursue recruitment and hiring practices that are open and inclusive. Data for this measure is captured through a self-disclosure form that has been incorporated into BC Housing's recruitment/application process and is tracked and reported by staff in Personnel and Labour Relations.



Performance Results
More than 282 staff participated in a least one training opportunity. This represents an overall participation rate of 80 per cent and is well above the target of 65 per cent. The Service Plan target for this measure has been adjusted upward over the planning periods covering 2004/05 to 2006/07 to reflect current results.

Notes: Investing in training increases our effectiveness as an organization and helps staff to do their jobs better. This measure reports on the percentage of staff who participated in training opportunities in 2003/04 including mandatory training in compliance with legislated requirements. Data to support this measure is reported annually by staff in Personnel and Labour Relations.



Performance Results
In 2003/04, 67 people were recommended for perfect attendance awards. This represents approximately 19 per cent of all staff and is consistent with the level of performance realized in 2002/03. The Service Plan target for this measure has been adjusted upward by one per cent each year for the planning periods covering 2004/05 to 2006/07 to reflect our commitment to maintaining or improving on our current level of performance.

Notes: In recognition of the hard work and dedication of staff, BC Housing initiated an award program for staff with perfect attendance. This measure tracks and reports on the number of eligible staff receiving recommendation for this award. Data to support this measure is tracked and reported annually by staff in Personnel and Labour Relations.

Increased Use of Technology

- ✓ Completion of the *Housing Provider Profile* – an automated system designed to provide a foundation for moving toward a performance-based/ incentive-based approach to the oversight of the social housing sector while at the same time monitoring performance along key dimensions.
- ✓ The implementation of modifications and enhancements to BC Housing's financial reporting system.
- ✓ Introduction of productivity enhancements to strengthen our current work processes including the implementation of the *Housing Provider Information Management System* and the *Supplier Registration System*.
- ✓ Implementation of productivity enhancements including the roll out of Windows XP across all workstations at the Commission as well as the implementation of a procurement card system and integrated HR/Payroll System.

Performance Results - Ongoing
BC Housing has made significant investments in information technology to improve our productivity and effectiveness to enhance our business intelligence.

Notes: The objective is to increase our overall organizational capacity to better meet the needs of our clients and housing partners. Through technology, we enhance our productivity, which allows us to manage our programs and services better. Data to support this measure is captured in the IT department's business plan.

Report on Performance - Detailed Results

Implementation of the Directions Set Out in the Shareholder's Letter of Expectations

- ✓ Working in partnership with provincial health authorities, non-profit and private sector partners, local governments and others to deliver the *Independent Living BC* Program (3,500 units by 2006/07).
- ✓ Completion of the delivery of units under the *Provincial Housing Program* (in particular, delivery of the 3,400 units approved since 2001).
- ✓ Developing partnerships that lever equity contributions from municipal, non-profit and private sector partners.
- ✓ Improving access to, and maximizing the use of public housing for those with complex housing and health needs.

Performance Results - Ongoing

BC Housing's Shareholder's Letter of Expectations received approval from the Minister and the Interim Chair of BC Housing's Board of Commissioners in the third quarter of this year. This letter reaffirms the government's commitment to ensuring that housing needs are met for the most vulnerable British Columbians.

Notes: The Shareholder's Letter of Expectations is an agreement between BC Housing and the Shareholder setting out the roles and responsibilities of key stakeholders and is designed to provide high-level strategic direction as well as to identify key public policy issues and strategic priorities to be reflected in BC Housing's Service Plan and Annual Service Plan Report in future years. Results are tracked annually through these two documents.

Compliance with all Related Acts and Legislation

The following legislative changes were introduced in 2003/04 that will have an impact on our day-to-day operations and/or the non-profit and co-op housing sector:

- ✓ The *Residential Tenancy Act*, changes came into effect on January 1, 2004.
- ✓ The *Personal Information Protection Act*, changes came into effect on January 1, 2004 and will affect the non-profit sector.
- ✓ The *Company Act*, now known as the *Business Corporations Act*, had changes and will impact PRHC (Provincial Rental Housing Corporation).

Performance Results - Ongoing

Notes: This measure tracks and reports on legislative changes that have been introduced in the past year that could have an impact on our day to day activities and operations with the underlying goal being to identify potential opportunities and risks. Data is tracked by staff in Program Analysis.

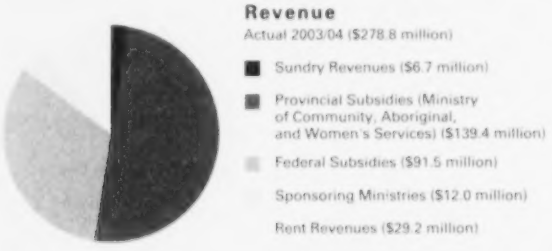
Management Discussion and Analysis

In 2003/04, the Province through BC Housing invested the largest contribution ever to developing and maintaining affordable housing units and programs in BC.

In 2003/04, total provincial spending through BC Housing was $151.4 million. This is an increase of seven per cent over the $141.2 million spent in 2002/03. The majority of this $10.2 million increase was directed to the delivery of new housing under the *Provincial Housing Program* ($6.3 million) and the *Independent Living BC (ILBC)* program ($2.4 million). The balance of the increase was required to pay for building envelope repairs to social housing and health and safety upgrades to the aging public housing stock.

Revenue

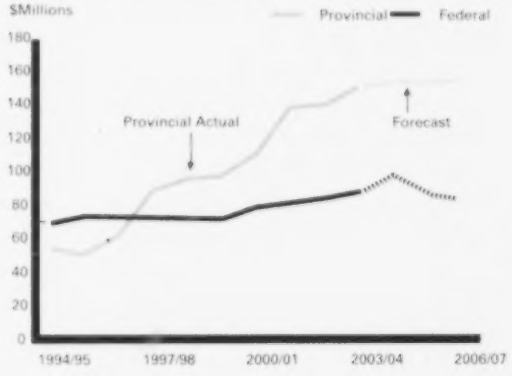
Contributions from sponsoring ministries and health authorities to administer group homes and other programs declined by $1.2 million over the prior year. Last year, the Ministry of Children and Family Development undertook a strategy to retire the debt on as many group homes that house its clients as possible. This strategy resulted in a $500,000 decline in debt service costs for the homes this year. As well, the Vancouver Island Health Authority assumed responsibility for administering rent supplement payments under the *Supported Independent Living* program in 2003/04.


Revenue
Actual 2003/04 ($278.8 million)
Sundry Revenues ($6.7 million)
Provincial Subsidies (Ministry of Community, Aboriginal, and Women's Services) ($139.4 million)
Federal Subsidies ($91.5 million)
Sponsoring Ministries ($12.0 million)
Rent Revenues ($29.2 million)

The federal government's contribution to social housing in British Columbia increased by eight per cent during 2003/04 to $91.5 million. The majority of the federal increase of $6.8 million was directed to the repair of leaky social housing under programs for which the federal government funds between 75 per cent and 50 per cent of net program costs with the province funding the balance.

Tenant rents declined $1.4 million in 2003/04 due to the implementation of our alternative service delivery strategy which resulted in the transfer of the management of several buildings from BC Housing to non-profit housing providers. The non-profit societies now collect the rent and report it on their financial statements.

FEDERAL AND PROVINCIAL CONTRIBUTIONS

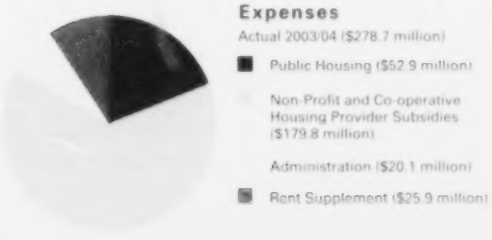


BC Housing's total revenues in 2003/04 increased by six per cent over the prior year to a total of $278.8 million. The upward trend is expected to continue for one more year with a three per cent increase in total revenues in 2004/05. After that, the trend is expected to reverse with the province maintaining its level of funding for social housing while the federal government begins to withdraw funding. Total revenue is expected to decline by three per cent in 2005/06.

Expenditures and Controlling Costs

Total expenditures increased by six per cent over 2002/03. A major component of this increase was additional subsidy payments to housing sponsors for new housing completed during this year and last year. Other significant components of the increase were building envelope repairs and modernization and improvement projects for public, non-profit and co-operative housing.

Subsidies increased 10.5 per cent and 25.2 per cent respectively for the *Provincial Housing Program* and *Independent Living BC*. Subsidy payments to housing sponsors continue to be the single largest component of BC Housing's budget, comprising 65 per cent of all costs. By using a manageable cost reduction strategy in 2003/04 BC Housing realized an estimated $1.4 million in subsidy savings. Under this strategy BC Housing establishes benchmarks for manageable costs for all housing providers. Those housing providers who operate at 15 per cent or more above the average cost for similar buildings, clients served and geographic locations have their funding reduced to bring them in line with the benchmarks.


Expenses
Actual 2003/04 ($278.7 million)
Public Housing ($52.9 million)
Non-Profit and Co-operative Housing Provider Subsidies ($179.8 million)
Administration ($20.1 million)
Rent Supplement ($25.9 million)

Since mortgage payments absorb 60 per cent of the subsidies paid to housing providers, reducing mortgage costs is another major priority for BC Housing. As a *National Housing Act* approved lender, BC Housing's capacity to provide low-cost construction financing reduces the capital cost of new housing, which in turn reduces ongoing subsidy requirements. Also, as administrator of a $1.6 billion mortgage portfolio of non-profit and co-operative housing provider mortgages, BC Housing uses a pooled mortgage tender strategy to ensure the lowest possible rates are achieved and that exposure to interest rate increases is mitigated by selecting a variety of mortgage terms. In 2003/04 this strategy resulted in average mortgage rates 126 basis points below those available in the market for newly completed projects. This will result in $6.8 million in interest savings over the terms of the mortgages. For the renewal of mortgages on projects completed in prior years, a further $21.5 million in interest savings will be achieved over the terms of these mortgages.

Building envelope repair costs increased by 77 per cent in 2003/04 reflecting the expanded repair program. To date $53 million in repairs have been completed and an estimated $137 million in additional costs for buildings is anticipated.

An aging public housing stock continues to place pressure on BC Housing's budget. Critical health and safety repairs were completed in 2003/04. Total modernization and improvement expenditures for public housing increased by 12.5 per cent over 2002/03 and totaled $16.4 million. This year saw eight public housing sites begin re-piping repairs at a total cost of $1.8 million. These much needed repairs will result in lower maintenance costs in the future.

In addition many of our public housing sites required significant exterior repairs including roof replacements and window and siding repairs. Costs for these repairs were $5 million greater than 2002/03. In 2003/04 the 33-year-old Dawson Creek townhouse development was completely refurbished including upgrades to balconies, windows, roof, siding, insulation and paving. This major project, with a cost of $1.7 million, will result in decreased ongoing maintenance, increased energy efficiency and is a good example of a repair strategy to efficiently complete major repairs and utilize budgets effectively.

Maintenance costs for public housing stock and group homes declined slightly this year and were approximately four per cent under budget. Savings on interior move out painting and general exterior maintenance were experienced as a result of expanded modernization and improvement programs over the past several years.

Utility costs continued to decrease – down three per cent from 2003/04 and 13 per cent below budget – as a result of ongoing energy efficiency measures such as window replacements and the replacement of older boiler systems. BC Housing's ongoing participation in the bulk purchase of natural gas resulted in four per cent savings from 2002/03. The negotiated price for 2003/04 was nine per cent below budget. This year some

larger housing sponsors have joined this program which should yield utilities savings in the future.

We continue to implement strategies to control administrative expenditures and seek operating efficiencies wherever possible. Administrative expenses were 11 per cent below last year due primarily to reduced costs for consulting (25 per cent), telecommunications (15 per cent), stationery and office supplies (18 per cent). One example of a specific cost reduction initiative was the renegotiation of photocopier contracts with Xerox and the adoption of new copier technology that will result in savings of $46,000 per year.

Net general operating expenses increased in 2003/04 as a result of reduced cost recoveries from the Development Services branch. This reduction is a result of the timing for *ILBC* projects. Costs are recovered at the time of project completion. Take up of *ILBC* units has been slower but will be completed by 2006/07 with the corresponding recoveries recorded as each project completes. Other operating costs remained constant this year.

BC Housing's operating revenues and expenses are expected to peak in 2004/05 and then decline as the federal share of contributions is reduced due to fewer building envelope repair projects. Provincial contributions during this same period remain stable and reflect steady growth from 2001/02 to 2006/07. This is due to an increase in housing units receiving subsidy as a result of the provincial commitment to housing.

Summary Financial Outlook
2001/02 to 2006/07
(In Thousands of Dollars)

	2001/02 ACTUAL	2002/03 ACTUAL	2003/04 ACTUAL	2004/05 APPROVED	2005/06 FORECAST	2006/07 FORECAST
	$	$	$	$	$	$
Revenues						
Provincial Share	138,755	141,237	151,365	154,444	154,685	156,431
Federal Share	82,161	84,676	91,498	98,788	87,855	84,264
Other	38,903	37,317	35,897	33,901	35,080	36,283
Total Revenues	259,819	263,230	278,760	287,133	277,620	276,978
Expenditures						
Public Housing	51,907	51,549	52,870	56,128	47,110	44,038
NP & Housing Co-operatives	159,435	164,422	179,753	180,817	178,268	180,758
Rent Supplement Assistance	27,486	26,390	25,919	29,712	31,639	31,510
Administration	20,662	20,829	20,146	20,476	20,603	20,672
Total Expenditures	259,490	263,190	278,688	287,133	277,620	276,978

Risks and Sensitivities

Last year's annual report identified that two thirds of BC Housing's budget is paid in subsidies to housing providers and that mortgage principal and interest payments form more than 60 per cent of society operating costs. Consequently, the single biggest financial risk faced by BC Housing is a rise in interest rates. Fortunately, interest rates not only remained low over this past year but also declined one full per cent. To mitigate the effect of a future rise in interest rates, BC Housing has undertaken a program of extending the duration of mortgages upon renewal and locking in low interest rates for terms of up to 10 years. As well, BC Housing has laddered the maturity dates of mortgages within the $1.6 billion mortgage portfolio to ensure that no more than 20 per cent of the portfolio will come up for renewal in any year. This strategy will ensure that the impact of a rise in interest rates will occur gradually across the portfolio and provide time for management to adjust to the impact on the budget.

Last year's annual report highlighted that the cost of repairing leaking building envelopes posed a major risk.

We had estimated that total cost of repairs was $100 million of which $30 million had been completed and $70 million was still to come. Unfortunately, after completing more detailed examinations of at-risk buildings, we have now revised our total repair estimate to almost $190 million of which $53 million has been completed and $137 million is planned for the future. BC Housing has managed the risk of costly building envelope repairs by undertaking an aggressive program of repairs to the most severely damaged buildings in priority sequence. With the limited availability of qualified building envelope consultants and repair contractors, we have developed a long-term repair strategy for all affected buildings and expect to complete repairs to the buildings with significant damage by 2005/06. The remainder of the 270 affected buildings with lesser damage will be repaired by 2009/10. As well, a broad cost-recovery strategy is in place with the objective to mitigate the cost of the building envelope repairs by securing financial contributions from the parties responsible for the original design, construction and inspection of buildings. All possible avenues of resolution will be considered with affected parties. These strategies will ensure that we repair the damaged buildings at the lowest possible cost and we secure the greatest possible contribution from responsible parties.

BC Housing is challenged by two principal capacity constraints: the supply of available housing and funding. We cope with these two constraints in a manner that is the norm across the country. We allocate available housing to those most in need and we ration the assistance available so that we fully allocate our budget but we do not overspend. The result of this strategy is that we help those most in need but we do not help everyone who requests assistance. Further, we establish targets for our performance measures which we believe can be achieved with the resources available. We are fortunate that British Columbia is one of the few jurisdictions in Canada to continue to expand the supply of affordable housing. Our challenge is to maximize the effect of our programs. This is why we focus on partnerships and use our resources to lever contributions from others.

Our service plan highlighted the challenges we face and the opportunities we anticipate. In addition to the risk of rising interest rates, the cost of building envelope repairs and fiscal pressures, social housing challenges include:

- the least affordable housing market in the country;
- tight rental market conditions;
- limited new rental housing;
- changing demographics and client needs as the population ages; and,
- aging public housing stock.

RISK	SENSITIVITIES
Rise in mortgage rates	A one per cent increase above the budgeted mortgage rate increases housing subsidies by about $4.4 million in 2004/05 ($2.5 million provincial) and up to $8.7 million in 2006/07 ($5.2 million provincial).
Building envelope repair cost increases or delays	Cost estimates are subject to revision pending completion of detailed assessments of suspect buildings. Significant cost increases and delays to repairs already planned could further delay the target completion date resulting in more serious deterioration.
Changed completion dates for ILBC projects	Completions earlier than planned increase housing subsidy requirements.
Lower incomes for housing tenants	A one per cent reduction in family incomes reduces tenant rent revenues by $1.3 million ($0.7 million provincial) for both public housing and non-profit housing.
Higher inflation	A one per cent increase in the Consumer Price Index higher than budgeted increases expenses by $0.9 million in 2004/05 ($0.5 million provincial).
Wage increase for BC Housing employees	A one per cent wage increase results in $0.2 million additional expenses in 2004/05 ($0.1 million provincial).
Higher construction costs	A $10,000 per unit increase results in a $1.6 million additional annual provincial subsidy requirement by 2006/07.

British Columbia Housing Management Commission

Financial Statements
March 31, 2004 and 2003

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Auditors' Report

Grant Thornton LLP
Chartered Accountants
Management Consultants

To the Chair of British Columbia Housing Management Commission

We have audited the balance sheet of British Columbia Housing Management Commission as at March 31, 2004, and the statements of revenues and expenditures and Province's Account and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2004, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Vancouver, Canada
April 30, 2004

Grant Thornton LLP
Chartered Accountants

Statement of Management Responsibility

The financial statements of the British Columbia Housing Management Commission have been prepared by management in accordance with Canadian generally accepted accounting principles, consistently applied and appropriate in the circumstances. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized in the notes to financial statements.

Management relies upon a system of internal controls that provide reasonable assurance, on a cost-effective basis, that the financial information is reliable and accurate.

Shayne Ramsay
Chief Executive Officer
April 30, 2004

Dan Maxwell
Chief Financial Officer

British Columbia Housing Management Commission

Balance Sheet
March 31

	2004 ($000's)	2003 ($000's)
Assets		
Current		
Cash	$ 3,159	$ 485
Receivables	6,271	7,220
Prepaid expenses and housing subsidies	10,980	11,636
Due from Province of British Columbia	1,011	897
Due from Canada Mortgage and Housing Corporation	17,734	15,234
Current portion of mortgages receivable (Note 4)	1,047	5,544
Construction loans to housing projects (Note 5)	17,949	22,027
	58,151	63,043
Mortgages receivable (Note 4)	3,780	3,890
Long-term receivables	1,742	1,452
Proposal development advances (Note 6)	1,226	1,522
Long-term investments	26,358	17,113
Capital assets (Note 7)	2,308	2,265
	$ 93,565	$ 89,285
Liabilities		
Current		
Accounts payable and accrued liabilities	$ 19,136	$ 16,574
Due to Provincial Rental Housing Corporation (Note 3)	6,555	8,434
Tenants' prepaid rent	704	707
Due to Provincial Treasury (Note 5)	27,999	25,517
	54,394	51,232
Societies' funds held on deposit (Note 8)	11,641	17,819
Grants received in advance of construction (Note 9)	15,041	9,160
Deferred contributions		
Self Insurance Funds (Note 10)	5,307	4,435
Group Home Replacement Funds (Note 11)	6,174	5,703
Province's account	1,008	936
	$ 93,565	$ 89,285

Commitments (Note 13)
Contingency (Note 15)

On behalf of the Board

Lori Wanamaker
Interim Chair

Shayne Ramsay
Chief Executive Officer

See accompanying notes to the financial statements

British Columbia Housing Management Commission

Statements of Revenue and Expenditures and Province's Account

Years Ended March 31

	2004 ($000's)	2003 ($000's)
Revenue		
Provincial contributions	$ 151,365	$ 141,237
Federal contributions	91,498	84,676
Tenant rent	29,229	30,738
Other	6,668	6,579
	278,760	263,230
Expenditures		
Housing subsidies	166,256	162,156
Salaries and labour	21,424	21,581
Building modernization and improvement	45,624	31,874
Building mortgage costs	12,990	12,990
Utilities	8,578	8,823
Building maintenance	7,355	7,533
Office and overhead	6,189	6,920
Interest expense	886	2,623
Grants in lieu of property taxes	4,909	4,941
Operating expenses	4,477	3,749
	278,688	263,190
Excess of revenue over expenditures	72	40
Province's account, beginning of year	936	896
Province's account, end of year	$ 1,008	$ 936

See accompanying notes to the financial statements

British Columbia Housing Management Commission

Statement of Cash Flows
Years Ended March 31

Cash flows provided by (used in)	2004 ($000's)	2003 ($000's)
Operating activities		
Excess of revenues over expenditures	$ 72	$ 40
Adjustments to determine cash flows:		
Depreciation	1,524	1,809
Self insurance funds	872	928
Group home replacement funds	471	79
Change in non-cash working capital	1,434	(4,967)
	4,373	(2,111)
Investing activities		
Mortgages receivable	4,607	(4,939)
Long-term receivables	(174)	(186)
Proposal development advances	296	(18)
Construction loans provided to housing projects	4,078	96,625
Long-term investments	(9,245)	(1,327)
Additions to capital assets	(1,567)	(966)
	(2,005)	89,189
Financing activities		
Advances (to) from Provincial Rental Housing Corporation	(1,879)	31,909
Due to Provincial Treasury	2,482	(130,932)
Societies' funds on deposit	(6,178)	1,693
Grants received in advance of construction	5,881	8,731
	306	(88,599)
Increase (decrease) in cash and short-term investments	2,674	(1,521)
Cash and short-term investments, beginning of year	485	2,006
Cash and short-term investments, end of year	$ 3,159	$ 485
Supplementary cash flow information		
Interest paid during year	$ 891	$ 3,981

See accompanying notes to the financial statements

British Columbia Housing Management Commission

Notes to the Financial Statements

March 31, 2004 and 2003

1. General

The British Columbia Housing Management Commission is a Crown agency, established in 1967, responsible for developing social housing under the *Independent Living BC* and the *Provincial Housing Program*, for administering the Province's *Shelter Aid for Elderly Renters* program, and for administering a variety of other federal and/or provincial housing programs. The Commission manages public housing stock and administers agreements relating to units managed by housing sponsors. The Commission ensures that provincial housing policy is reflected in its programs and that these are delivered in a co-ordinated, cost-effective manner.

The revenues and expenditures of the programs administered by the Commission are reported in Schedule 1.

2. Significant accounting policies

Basis of presentation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

Use of estimates

In preparing these financial statements, management has made estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Tenant rent revenue

Tenant rent revenue represents rent charged to residents, and is determined as the lesser of market rent and a percentage of each resident's income.

Long-term investments

Portfolio investments are stated at costs less write-downs when any decline in value is considered to be other than temporary.

Capital assets

Capital assets are recorded at cost and depreciated over their estimated useful lives. Both computer hardware and software are depreciated on the straight-line method over three years. All other capital assets are depreciated on the straight-line method over five years.

Employee benefit plans

BC Housing and its employees contribute to the Public Service Pension Plan under the terms of the *Public Sector Pension Plans Act*. The Public Service Pension Plan is a multi-employer, defined-benefit plan.

The British Columbia Pension Corporation administers the Plan, including payment of pension benefits on behalf of employers and employees to whom the *Act* applies. The most recent valuation (March 31, 2002) has indicated a $546 million surplus for funding purposes. Effective January 1, 2001, the Public Service Pension Plan's management changed to a joint trusteeship whereby the management, risks and benefits are shared between the employees and the employers.

Employees are entitled to specific retirement benefits as provided for under their terms of employment. The cost of employee future benefits for this plan is recognized as an expense in the year contributions are paid.

Financial instruments

The Commission's financial instruments consist of cash and equivalents, receivables, loans and advances receivable and payable, long-term investments and current liabilities. It is management's opinion that the Commission is not exposed to significant interest, currency or credit risks arising from these financial instruments. Except for long-term investments, the fair value of these instruments approximates their carrying values. The fair value of long-term investments is $25,652 (2003: $15,202).

3. Due from (to) Provincial Rental Housing Corporation

Amounts represent funds advanced for the acquisition and development of properties under the social housing programs. The advances are non-interest bearing with no set terms of repayment.

4. Mortgages receivable

The Commission, in its capacity as a *National Housing Act* approved lender, occasionally acts as the take-out lender for some projects. These mortgages are generally held for a short period, one year or less, until such time as the borrower confirms its long-term financing arrangements.

5. Construction loans provided to housing projects

In its capacity as a *National Housing Act* approved lender, the Commission funds construction draws for societies who are building approved projects under social housing programs. These advances are repaid at substantial completion of each project from financing arranged with private lenders. Societies are charged interest at the Province's weighted average borrowing rate for short-term funds, plus administration costs.

The Provincial Treasury provides funding to the Commission for the purpose of advancing loans for construction. These loans are unsecured and bear interest at the Province's weighted average borrowing rate for short-term funds. The Commission has the authority to borrow up to a maximum of $165 million from the Provincial Treasury.

6. Proposal development advances

Loan advances are made to sponsoring societies for needs studies, incorporation and site development costs. These advances are normally repaid upon project completion or remain outstanding for three years, at which time they are written-off. An allowance is established for the value of advances outstanding whenever there is uncertainty about projects proceeding to the final commitment stage.

7. Capital assets

	Cost	Accumulated depreciation	2004 ($000's) Net book value	2003 ($000's) Net book value
Computer hardware	$ 4,155	$ 3,742	$ **413**	$ 348
Computer software	4,715	3,673	**1,042**	428
Tenant improvements	1,740	1,382	**358**	706
Office furniture	1,186	979	**207**	368
Office equipment	705	477	**228**	340
Vehicles	203	203	**-**	14
Grounds equipment	204	144	**60**	61
	$ 12,908	$ 10,600	$ **2,308**	$ 2,265

8. Society funds held on deposit

These funds represent the balance of mortgage advances held to cover various non-profit societies' construction and soft costs required to complete their projects. Interest accrues on the society funds at the Province's weighted average borrowing rate for short-term funds.

9. Grants received in advance of construction

The Commission receives funds from the Province and Canada Mortgage and Housing Corporation (CMHC), the use of which is restricted to the construction of specific social housing projects.

	Balance, beginning of year	Grant received (transfers)	Construction costs incurred	Balance, end of year
	($000's)	($000's)	($000's)	($000's)
1992/93 Homeless Initiatives	$ 64	$ (64)	$ -	$ -
Project Grants	4,877	6,554	(1,942)	9,489
CMHC	4,219	10,691	(9,508)	5,402
Ministry – Other	-	150	-	150
	$ 9,160	$ 17,331	$ (11,450)	$ 15,041

British Columbia Housing Management Commission

Notes to the Financial Statements
March 31, 2004 and 2003

10. Self Insurance Funds

The Commission receives funds from the Province and CMHC to provide for claims below the deductible amounts of insured properties and for uninsured losses.

	2004 ($000's)	2003 ($000's)
Balance, beginning of year	$ 4,435	$ 3,507
Additional funding	725	796
Interest earned	258	198
	5,418	4,501
Less: claims expense	111	66
Balance, end of year	$ 5,307	$ 4,435

11. Group Home Replacement Funds

These amounts are funded by the Province through the annual operating budgets for group homes and are used to fund major repairs and maintenance.

	2004 ($000's)	2003 ($000's)
Balance, beginning of year	$ 5,703	$ 5,624
Additional funding	1,307	1,233
Interest	166	152
	7,176	7,009
Less: expenditures for repairs and maintenance	1,002	1,306
Balance, end of year	$ 6,174	$ 5,703

British Columbia Housing Management Commission

Expenditures and Revenue by Program
Years Ended March 31, 2004 and 2003

Schedule 1

	Directly Managed		Federal / Provincial Cost Shared							
	Cost share 75/25 (s79)		Cost share 50/50 (s82)		Rent supplement (s82(1)(a))		Rent supplement (s82(1)(b))		Non-profit Fed./Prov. Housing (s95)	
	2004 ($000's)	2003 ($000's)	2004 ($000's)	2003 ($000's)	2004 ($000's)	2003 ($000's)	2004 ($000's)	2003 ($000's)	2004 ($000's)	2003 ($000's)
Expenditures										
Housing subsidies	$ 397	$ 120	$ 1	$ 6	$ 1,517	$ 1,470	$ 7,721	$ 7,506	$ 65,200	$ 68,195
Salaries and labour	9,535	9,956	2,877	2,834	251	272	589	564	1,836	1,629
Building modernization and improvement	11,460	11,356	5,031	3,418	1,243	600	4	24	20,777	11,987
Building mortgage costs	7,566	7,566	5,424	5,424	-	-	-	-	-	-
Utilities	5,398	5,655	1,422	1,519	66	80	4	3	686	680
Building maintenance	3,348	3,349	1,248	1,245	141	81	130	124	930	961
Office and overhead	1,656	2,052	524	611	84	88	355	413	844	1,068
Interest expense	56	57	18	15	17	16	10	11	138	125
Grants in lieu of property taxes	2,519	2,490	1,136	1,167	21	23	2	2	443	444
Operating expenses	2,626	2,461	913	843	116	83	(14)	(56)	337	394
	44,561	45,062	18,594	17,082	3,456	2,713	8,801	8,591	91,191	85,483
Revenue										
Provincial contribution	6,305	6,391	6,012	5,054	1,634	1,278	4,521	4,439	31,916	30,219
Federal contribution	18,747	18,140	6,030	5,158	1,652	1,286	4,268	4,142	58,151	54,033
Tenant rent	19,100	20,238	6,430	6,672	161	125	10	9	1,122	1,218
Sundry	410	293	120	107	10	24	1	1	3	13
	44,562	45,062	18,592	16,991	3,457	2,713	8,800	8,591	91,192	85,483
Excess of revenue over expenditures	$ 1	$ -	$ (2)	$ (91)	$ 1	$ -	$ (1)	$ -	$ 1	$ -

12. Grants in lieu of taxes

The Commission, on behalf of the Province and CMHC, pays each municipality a grant equivalent to gross property taxes due for all residential properties and projects managed.

13. Lease commitments

The Commission has minimum rental obligations under operating leases for office space over the next five fiscal years as follows:

	($000's)
2005	$ 1,754
2006	784
2007	326
2008	240
2009	-

14. Related party transactions

In the normal course of operations, the Commission acquires goods and services from the Province and certain crown corporations, under prevailing trade terms.

These statements do not include the capital cost of the projects which are owned by Provincial Rental Housing Corporation (PRHC). However, an amount equivalent to amortization on those capital costs is in part payable to PRHC and in part credited to CMHC.

15. Contingency

Building envelope failure

In response to industry concerns and experience regarding building envelope failure, the Commission undertook a systematic review of non-profit and co-operative owned buildings under its administration. Buildings included in the study are part of the Federal/Provincial housing portfolio. The Commission received preliminary estimates for the cost of remediation for a number of projects. However, there are on-going examinations of other properties in the portfolio.

These costs for buildings already examined, subject to confirmation through detailed engineering studies or actual repairs, are estimated to be in the range of $137 million. These repairs will be undertaken by housing sponsors in the future and the resulting expenditures, if accepted and approved, will be cost-shared with CMHC and the Province based on various program funding formulae. Requests for funding of the repairs will be included in annual budgets and reimbursed based on actual costs incurred.

Wholly Provincial Cost						**Other**		**Total**	
Group homes		Provincial Housing Program		Other programs		ILBC			
2004 ($000's)	2003 ($000's)	**2004 ($000's)**	2003 ($000's)	**2004 ($000's)**	2003 ($000's)	**2004 ($000's)**	2003 ($000's)	**2004 ($000's)**	2003 ($000's)
$ **1,941**	$ 2,329	$ **58,116**	$ 52,799	$ **29,288**	$ 29,731	$ **2,075**	$ -	**166,256**	$ 162,156
896	1,012	**2,222**	2,675	**1,599**	1,602	**1,619**	1,037	**21,424**	21,581
220	329	**3,304**	2,054	**3,584**	2,106	**1**	-	**45,624**	31,874
-	-	**-**	-	**-**	-	**-**	-	**12,990**	12,990
556	532	**307**	216	**138**	138	**1**	-	**8,578**	8,823
653	607	**594**	870	**262**	265	**49**	31	**7,355**	7,533
367	443	**826**	895	**821**	821	**712**	529	**6,189**	6,920
-	-	**-**	-	**647**	2,399	**-**	-	**886**	2,623
369	358	**191**	204	**228**	253	**-**	-	**4,909**	4,941
400	124	**(30)**	(431)	**666**	806	**(537)**	(475)	**4,477**	3,749
5,402	5,734	**65,530**	59,282	**37,233**	38,121	**3,920**	1,122	**278,688**	263,190
1,909	2,958	**63,460**	57,133	**32,138**	32,697	**3,470**	1,068	**151,365**	141,237
-	-	**-**	-	**2,268**	1,917	**382**	-	**91,498**	84,676
80	75	**1,967**	2,011	**359**	390	**-**	-	**29,229**	30,738
3,413	2,701	**103**	156	**2,538**	3,284	**70**	-	**6,668**	6,579
5,402	5,734	**65,530**	59,300	**37,303**	38,288	**3,922**	1,068	**278,760**	263,230
$ **-**	$ -	$ **-**	$ 18	$ **70**	$ 167	$ **2**	$ (54)	$ **72**	$ 40

Provincial Rental Housing Corporation

Financial Statements
March 31, 2004 and 2003

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Auditors' Report

Grant Thornton LLP
Chartered Accountants
Management Consultants

To the Shareholder of the Provincial Rental Housing Corporation

We have audited the balance sheet of Provincial Rental Housing Corporation as at March 31, 2004 and the statements of revenue and expenditures and surplus and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2004, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Vancouver, Canada
April 30, 2004

Grant Thornton LLP
Chartered Accountants

Statement of Management Responsibility

The financial statements of the Provincial Rental Housing Corporation have been prepared by management in accordance with Canadian generally accepted accounting principles, consistently applied and appropriate in the circumstances. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized in the notes to the financial statements.

Management relies upon a system of internal controls that provide reasonable assurance, on a cost-effective basis, that the financial information is reliable and accurate.

Shayne Ramsay
Director
April 30, 2004

Dan Maxwell
Director

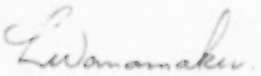
Provincial Rental Housing Corporation

Balance Sheets

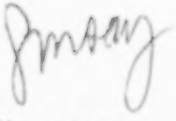
March 31

	2004 ($000's)	2003 ($000's)
Assets		
Investment in properties (Note 3)	$ 345,546	$ 348,441
Debenture subsidy receivable	1,843	1,843
Due from British Columbia Housing Management Commission (Note 4)	6,555	8,434
Cash	1	1
	$ 353,945	$ 358,719
Liabilities		
Long-term debt (Note 5)	$ 127,637	$ 135,079
Interest payable	620	732
Unearned lease revenue	101,494	103,570
Funding in advance of construction (Note 6)	4,486	2,186
Deferred contributions (Note 7)	19,239	19,962
	253,476	261,529
Shareholder's equity		
Share capital		
Authorized		
10,000 common shares with no par value		
Issued		
3 common shares at $1 each	-	-
Contributed surplus	84,006	84,006
Property acquisition contribution (Note 8)	(7,166)	(3,777)
Accumulated excess of revenue over expenditures	23,629	16,961
	100,469	97,190
	$ 353,945	$ 358,719

On behalf of the Board



Lori Wannamaker
President



Shayne Ramsay
Secretary

See accompanying notes to the financial statements

Provincial Rental Housing Corporation

Statements of Revenue and Expenditures and Surplus

Years Ended March 31

	2004 ($000's)	2003 ($000's)
Revenues		
Directly managed debenture subsidy	$ 7,372	$ 7,372
Group home mortgage subsidy	7,407	7,952
Lease revenue	2,076	2,120
Contribution revenue	1,738	1,643
	18,593	19,087
Expenditures		
Depreciation	3,923	3,916
Interest on long-term debt	8,002	8,749
	11,925	12,665
Excess of revenue over expenditures	6,668	6,422
Accumulated excess of revenue over expenditures, beginning of year	16,961	10,539
Accumulated excess of revenue over expenditures, end of year	$ 23,629	$ 16,961

See accompanying notes to the financial statements

Provincial Rental Housing Corporation

Statement of Cash Flows
Years Ended March 31

	2004 ($000's)	2003 ($000's)
Cash flows provided by (used in)		
Operating activities		
Excess of revenue over expenditures	$ 6,668	$ 6,422
Adjustments to determine cash flows:		
Depreciation	3,923	3,916
Change in non-cash working capital	(2,188)	(202)
	8,403	10,136
Investing activities		
Property Acquisitions	(1,832)	(2,040)
Property Disposals	804	27,552
	(1,028)	25,512
Financing activities		
Funding in advance of construction	1,577	5,596
New financing	1,185	1,451
Long-term debt repayment	(8,627)	(7,531)
Property acquisition contribution	(3,389)	(3,255)
Advances from (to) British Columbia Housing Management Commission	1,879	(31,909)
	(7,375)	(35,648)
Increase in cash	-	-
Cash, beginning of year	1	1
Cash, end of year	$ 1	$ 1

See accompanying notes to the financial statements

Provincial Rental Housing Corporation

Notes to the Financial Statements
March 31, 2004 and 2003

1. General

The Provincial Rental Housing Corporation was incorporated under the *Company Act* of the Province of British Columbia in 1961. The Corporation is wholly owned by the Province, and is an agent of the Crown.

The Corporation holds property for social and other low-cost housing for the Province. It also holds land under long-term leases to housing sponsors. The subsidized rental housing units of the Corporation are managed and operated by the British Columbia Housing Management Commission, which records the related rental revenue and is responsible for all of the operating and administrative activities and related costs.

2. Significant accounting policies

Basis of presentation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

Use of estimates

In preparing these financial statements management has made estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Investment in properties

The Corporation capitalizes its investment in properties at cost and depreciates its buildings on the straight-line method over 25 years.

Property leases

The Corporation leases property used for housing projects to housing sponsors. These sixty-year leases are prepaid by the housing sponsors when the housing projects are completed and ready for occupancy. The Corporation amortizes the lease revenue over the term of each lease and records the unearned portion as unearned lease revenue.

Deferred contributions

Funding received from the Province used for acquisition of depreciable capital assets is recognized as a recovery in the statement of operations equal to depreciation charged on related depreciable capital assets.

Funding received from the Province for acquisition of non-depreciable capital assets, such as land, is allocated to property acquisition contribution when the related assets are acquired.

Property acquisition contribution

For some social housing projects and group homes, the Province provides grants to the Corporation for a portion of the construction costs. The Corporation records the construction grants as property acquisition contribution when the projects are completed.

From time to time, the Corporation disposes of property purchased for social housing projects that cannot proceed due to various circumstances. The proceeds from these sales are applied against the cost of purchasing alternate sites as appropriate. Any surplus or deficiency resulting from those sales is credited or charged to property acquisition contribution.

Financial instruments

The Corporation's financial instruments consist of cash and equivalents, receivables, loans and advances and payables. It is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these instruments approximates their carrying values.

Provincial Rental Housing Corporation

Notes to the Financial Statements
March 31, 2004 and 2003

3. Investment in properties

	Cost	Accumulated depreciation	2004 ($000's) Net book value	2003 ($000's) Net book value
Land	$ 278,806	$ -	$ **278,806**	$ 279,138
Buildings	156,032	90,777	**65,255**	68,863
Construction in progress	1,485	-	**1,485**	440
	$ 436,323	$ 90,777	$ **345,546**	$ 348,441

4. Due from British Columbia Housing Management Commission

Amounts represent funds advanced for the acquisition and development of properties under social housing programs. The amounts are non-interest bearing with no set terms of repayment.

5. Long-term debt

	2004 ($000's)	2003 ($000's)
Canada Mortgage & Housing Corporation (CMHC) Debenture mortgages repayable at the end of each year, over terms of up to 50 years maturing between the years 2024 and 2025, bearing interest at rates from 5.33% to 8.20%, and secured by unregistered first mortgages on properties of the Corporation	$ **38,232**	$ 39,791
Chartered banks and CMHC Mortgages repayable monthly over terms of up to 35 years, bearing interest at rates from 4.24% to 8.15%, and secured by registered first mortgages on properties of the Corporation	**89,405**	95,288
	$ **127,637**	$ 135,079

The aggregate principal repayments required in each of the next five fiscal years is estimated to be as follows:

	($000)
2005	$ 16,675
2006	18,651
2007	14,385
2008	23,300
2009	16,214
Thereafter	38,412
	$ 127,637

6. Funding in advance of construction

This balance represents construction funding received from various Provincial ministries in advance of property acquisition and construction of non-profit housing and group homes. Interest does not accrue on funds received.

7. Deferred contributions

	2004 ($000's)	2003 ($000's)
Balance, beginning of year	$ 19,962	$ 14,775
Receipts	246	5,914
Amortization	(969)	(727)
Balance, end of year	$ 19,239	$ 19,962

8. Property acquisition contribution

	2004 ($000's)	2003 ($000's)
Balance, beginning of year	$ (3,777)	$ (522)
Receipts	499	17,115
Surplus (deficiency) on property sales	(152)	(16,634)
Repayments to the Province	(3,736)	(3,736)
Balance, end of year	$ (7,166)	$ (3,777)

9. Related party transactions

a) Insurance

The Corporation does not insure its rental housing properties. Instead property losses are compensated by the Province through the Commission and, for certain properties, by Canada Mortgage and Housing Corporation (CMHC).

b) Directly managed debenture subsidy

Directly managed debenture subsidy represents funds received from the Commission for the principal and interest costs of the long-term debt related to directly managed properties.

c) Group home mortgage subsidy

Group home mortgage subsidy represents the funds received from the Commission for mortgage payments to chartered banks and CMHC.

d) Administration and financing

The Commission acts as agent in administering and financing the operations and capital projects of the Corporation. No administration costs are charged to the Corporation for such services performed.

Glossary

Campus of Care: This is a development that offers a continuum of care – independent housing, assisted living and complex care – on the same site. The campus of care model allows people to age in place, which minimizes the transition for seniors when their care needs change. It also allows couples, family members and friends to remain on the same site, even when their care levels are different.

Core Services Review: This is a comprehensive and rigorous examination of all provincial programs, activities and business units. It includes every ministry, agency, board and commission. The objective is to identify and confirm government's core roles and responsibilities and make certain that the BC government is modern, relevant and affordable.

Housing Providers: Housing providers are non-profit housing societies and housing co-operatives that own and manage subsidized housing developments. This term can also include private market landlords, through which BC Housing provides rent supplements to low-income households.

***Independent Living BC* program (*ILBC*):** This is a housing for health partnership designed to meet the needs of seniors and people with disabilities who require some personal assistance, but who do not need 24-hour facility care.

***ILBC* encompasses two levels of care:** independent housing with support services, and assisted living for those who need a greater level of care. Independent housing with support services provides assistance with the activities of daily living through scheduled personal care only. Assisted living extends that level of support to unscheduled personal care. Based on the needs of individual tenants, health authorities determine when unscheduled personal care is required and when scheduled personal care will suffice. For both independent housing with support services and assisted living, the standards for all other services and quality of housing are the same.

Operating Budget: An operating budget is the annual budget for a non-profit or co-operative housing development. The budget forecasts the costs of operating a development, based on income and expenses, and is used to determine how much subsidy BC Housing provides each month to run the building.

Public Housing: This housing is jointly funded by the provincial and federal governments and predominantly managed by BC Housing. Most of these developments were constructed in the 1950s and 1960s.

Provincial Rental Housing Corporation (PRHC): The Provincial Rental Housing Corporation owns real estate for social housing and leases the land to non-profit societies and housing co-operatives.

Social Housing: This housing includes both public housing and housing owned and managed by non-profit and co-operative housing providers.

Subsidized Housing: This type of housing encompasses all types of housing in which the provincial government provides some type of subsidy or rent assistance, including public, non-profit and co-operative housing, as well as rent supplements for people living in private market housing. It also includes emergency housing and short-term shelters.

Subsidy: BC Housing advances monthly subsidies to organizations to cover the costs of operating subsidized housing units. The amount of the subsidy is based on the operating costs set out in the annual budget, less the total rents/housing charges collected from residents. Subsidy payments include rent subsidies/repayable assistance, and cover the mortgage payments, building maintenance and other shelter-related costs.

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BC Housing

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